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3 September 1982

SOUTH AND EAST ASIA REPORT

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BRIEFS

AID TO PAPUA NEW GUINEA--Australia has agreed to take an early look at the amount of aid it is giving to Papua New Guinea. Papua New Guinea's prime minister, Mr Somare, spent nearly an hour in talks with the Australian prime minister, Mr Fraser, and the foreign minister, Mr Street, at Federal Parliament in Canberra this afternoon. Sources in the Department of Foreign Affairs say Mr Fraser agreed to tell Mr Somare next month when the Australian Government will review its aid program to Papua New Guinea. The sources say it is likely the review, scheduled to be held early in 1984, will be held early next year. A spokesman for the foreign minister's office in Canberra says Mr Somare told Mr Street he will attend the regional meeting of commonwealth heads of government in Fiji in October. [Text] [BK250915 Melbourne Overseas Service in English 0830 GMT 25 Aug 82]

HIGH COMMISSIONER TO KIRIBATI--The Federal Government has announced the appointment of Mr (John Marney) as Australian high commissioner to Kiribati. Mr (Marney), aged 46, was educated in Canberra and joined the public service in 1955. He has held appointments with the Department of Foreign Affairs in Bangkok, Moscow, Kuala Lumpur, Port Moresby and Tokyo. He will be the first Australian high commissioner to be resident in Tarawa. [Text] [BK141425 Melbourne Overseas Service in English 0830 GMT 8 Aug 82 BK]

DROUGHT WARNING--Prime Minister Fraser has said Australia could be facing the worst drought for many decades. Fraser told Federal Parliament the omens were very bad indeed. The weather pattern is offering no relief over a large part of the nation. The Labor Party spokesman on primary industry, Kerin, described the government's response to the drought as totally inadequate. He said an extra \$2 million allocation for drought relief in the federal budget worked out at only about \$20 for every drought affected farmer. Meanwhile in Sydney, New South Wales Premier Wran has said it is time the federal government faced up to the fact that the drought is a national disaster. Wran said the drought now in its 4th year was crippling the rural economy. He said that in some parts of New South Wales, crops could not even be sown while rural workers who depended on good harvests and abundant stocks would not be able to feed their families unless urgent arrangements were made for unemployment relief. [Text] [BK191209 Melbourne Overseas Service in English 0830 GMT 19 Aug 82]

OFFICIALS HOLD TALKS--Papua New Guinea's prime minister, Mr Somare, is to hold informal talks in Sydney later this month with the Australian prime minister, Mr Fraser. Mr Somare is expected to ask Mr Fraser for more economic aid for Papua New Guinea which will involve reversing a trend for Australia to provide less help. The newly-elected Papua New Guinea prime minister last week told Papua New Guineans that they would have to live more economically to help the country out of the current economic difficulties. Mr Somare said that with the falling prices for its exports, Papua New Guinea was not able to manage on its own. He said his government would maintain the request made by the previous government of Sir Julius Chan for extra Australian aid which now provides about one-third of Papua New Guinea's budget. [Text] [BK120928 Melbourne Overseas Service in English 0830 GMT 12 Aug 82]

CSO: 4220/303

INDIA

TECNOMIT SIGNS CONTRACT WITH INDIA

Rome L'HUMANITA in Italian 10 Aug 82 p 2

[Text] Tecnomit, the engineering division of Montedison will provide technology, planning services and technical assistance to the Indian company FACT (Fertilizers and Chemicals Travancore) for an effluent treatment plant to be constructed in Cochin, Kerala State. The ecological unit will reduce to the lowest level the ammoniae and related materials coming from waters discharged by the local urea plant and will recycle the recovered products for productive purposes. FACT is one of the Indian fertilizer producing companies for which Tecnomit has in the past supplied processes, engineering and machinery for the construction of 9 ammoniae production plants and 11 urea production plants. The two FACT units located in Cochin have been in operation since 1973 and produce daily 600 tons of ammoniae and 1,000 tons of urea.

CSO: 4728/7

DEFENSE MINISTER ON OFFICIAL VISIT TO WASHINGTON

Minister Meets President Reagan

Jakarta KOMPAS in Indonesian 28 Jul 82 pp 1, 12

[Excerpts] Washington, KOMPAS--Minister of Defense Gen M Jusuf, during the first meeting of his official visit to the United States, discussed a number of questions in the defense field, both involving general matters as well as those concerning bilateral relations between Indonesia and the United States.

In his meeting with President Ronald Reagan at the White House, he reviewed matters concerning developments in several important areas of the world at the present time. Among those areas discussed were the Middle East, Kampuchea, and Afghanistan.

"We obtained President Reagan's views on several areas of the world, which we will present to President Soeharto after we have returned home," said General Jusuf to Threes Nio, a KOMPAS reporter, in Washington on Monday [27 July]. However, he was not prepared to say precisely what President Reagan had said. He only stated that President Reagan is paying close attention to developments in Southeast Asia and that he was happy that relations between Indonesia and the United States were going along well. At the meeting President Reagan received a personal letter from President Soeharto and also expressed the hope that the president of Indonesia could visit the United States next October.

General Jusuf, who was very satisfied with the meeting, pictured President Reagan as a cordial, sincere, and happy person, with a smiling face, who seemed "younger than his years." Although not in the original plan, the meeting with President Reagan also was attended by Vice President George Bush, Secretary of Defense Caspar W Weinberger, and Presidential Adviser for National Defense William Clark.

On this occasion Vice President George Bush expressed his hope that he would be able to visit Indonesia in the not too distant future. Meanwhile, Secretary of State George Shultz, who on Monday [27 July] was away from Washington, had a separate meeting with the Minister of Defense and Security Jusuf on Tuesday [28 July].

Questions which were discussed with President Reagan were later reviewed more fully in a private meeting with Secretary of Defense Caspar Weinberger and at an official meeting of the delegations of the two countries.

Regarding developments in various parts of the world, General Jusuf emphasized the importance of a resolution of the Kampuchean question for the peace of Southeast Asia. He expressed the view that the United States, because of its relations with the People's Republic of China, the Soviet Union, and Vietnam, still has a great opportunity to play a role in the Kampuchean question.

He said that the United States also had a key role to play in the Middle Eastern question, even though he admitted that the Middle Eastern question was very complicated. General Jusuf and his party were provided with a briefing on the latest developments in Afghanistan. He hoped that the question of Afghanistan would be resolved as well as possible, in order to reduce the sufferings of the Afghani people.

Regarding bilateral relations, there was a discussion about the equipment needed for continuing the consolidation of the Indonesian Armed Forces, including the Army, the Navy, and the Air Force. In this connection General Jusuf felt the United States had many opportunities in this area, and the discussions which were undertaken by an Indonesian team some time ago will be continued.

In the discussion on bilateral relations the question of training of officers of the Indonesian Armed Forces was emphasized. He said that the Indonesian Armed Forces are now busily engaged in making a major change in the military training system, regarding both combat units as well as the creation of reserve units. He thinks that in military training institutions in the United States there are many points of comparison which can be usefully employed in Indonesia. The minister of defense and security obtained a positive impression that the U S side was willing to help. "Indeed, there are many questions which must be discussed in Congress, but we understand the problem," said General Jusuf.

Both the meeting with Secretary of Defense Caspar Weinberger and the meeting between the two delegations took place, according to the minister of defense and security, "in a good atmosphere and successfully." He pictured Secretary Weinberger himself as a "very realistic" person.

The Indonesian delegation at the meeting at the Pentagon consisted of Minister of Defense and Security M Jusuf; Charge d'Affaires Dr S Wiryono; Army Chief of Staff General Poniman; Air Force Chief of Staff Marshal Ashadi Tjahjadi; Commander of the National Strategic Command Air Marshal Sukardi; Ministry of Defense and Security Assistant for Intelligence Lt Gen Benny Moerdani; the assistant for logistics in the Ministry of Defense and Security and assistant for plans in the office of the Army chief of staff, Major General Supardjo; the commander of the Indonesian Fleet, Rear Admiral Kasenda; and the defense attache in the Indonesian Embassy in Washington, Col (Navy) E Tumengkol.

On the U S side in attendance at the meeting were Secretary of Defense Caspar Weinberger; Deputy Secretary of Defense Frank Carlucci; Assistant Secretary of Defense Fred Ikle; Assistant Secretary of State for East Asian and Pacific Affairs John Holdridge; Deputy Assistant Secretary of Defense Dr Wade; Assistant Secretary of Defense West; Deputy Assistant Secretary of Defense for East Asian and Pacific Affairs Richard Armitage; Childress, a member of the National Security Council; the military assistant of the secretary of defense, Major General Smith; and the defense attache at the United States Embassy in Jakarta, Colonel Kizirian.

Apart from the official meeting between the two delegations, members of the Indonesian party also held private meetings. Air Force Chief of Staff Marshal Ashadi Tjahjadi, for example, met with the chief of staff of the U.S. Air Force, General Robert C Mathis. The assistant for intelligence in the Ministry of Defense and Security, Lt Gen Benny Moerdani, met with the director of the Defense Intelligence Agency, Lt Gen James Williams. Rear Admiral Kasenda met with the director of the Navy Oceanographic Office, Vice Admiral John B Mooney, and Vice Admiral Samuel H Packer of the Plans, Policy, and Operations Section of the Pentagon.

The visit of Minister of Defense and Security Jusuf to the Pentagon was accompanied by a major military ceremony, which was held at the River Entrance of the Pentagon. Whereas ordinary Indonesians are known to follow a system of "rubber time" (i e, do not always arrive on time), this time the term had to refer to the hosts. General Jusuf, who arrived precisely on time, had to wait 2 minutes before Secretary Weinberger came down from his office.

Minister of Defense and Security Jusuf told a KOMPAS representative that there had been a major increase in the level of Indonesian-United States cooperation in the defense field. Whereas during the administration of President Carter military assistance from the U.S. seemed to be declining, since last year this assistance reflects a substantial increase.

What is usually called "military assistance" from the U.S. consists of credits for the purchase of military equipment and help in the form of grants. Purchase credits, which are called "Foreign Military Sales" (FMS), are loans on which interest is charged. Although the interest rate is still below commercial bank rates, this kind of credit cannot be called a soft loan. On the other hand, what is called the "Military Assistance Program" (MAP) and "International Military Education and Training" (IMET) is aid in grant form which does not need to be repaid. Whereas MAP (which was abolished in 1978) had the objective of helping the armed forces of a country which was at a rather low stage of development, IMET has the objective of helping the training of members of the armed forces of foreign countries.

In this connection Indonesia has received both FMS, MAP (until 1978), and IMET assistance. From available statistics it appears that the total military aid from the United States during the "New Order" period [since the replacement of President Soekarno] reached a high point in 1978. In that year FMS totaled \$40 million; MAP totaled \$15.3 million; and IMET, \$2 million. However, in the following years (that is, during the period of the Carter administration)

this total declined. In 1979, for example, total aid was only \$34 million (\$32 million for FMS and \$2 for IMET). And in 1980 the aid reached its lowest point, \$31.65 million (\$30 million for FMS and \$1.65 million for IMET).

It was only in 1982 that the aid again showed an increase, with \$40 million for FMS and \$2.2 million for IMET. According to present plans for 1983, there will be \$50 million for FMS and \$2.625 million for IMET.

Apart from the increased figures referred to above, cooperation between the two countries seems to be increasing. Two weeks ago, for example, in the course of the visit of Minister of State for Research and Technology Habibie it was agreed that there would be cooperation in the field of defense technology and industry.

General Jusuf believes that this increase in cooperation has resulted from an increase in the number of visits by high-ranking U.S. officials to Indonesia. Besides that, Indonesia has made a greater effort to clarify our problems.

Answering a question whether the increase in the level of relations means that Indonesia is considered important from the point of view of U.S. defense, General Jusuf said that both President Reagan and Secretary of Defense Caspar Weinberger appear to pay close attention to developments in Southeast Asia. "In the interest of world peace, including peace in Southeast Asia in particular and in Asia as a whole, I think that the role of Indonesia, with its very strategic location, has received a great deal of attention, and its usefulness is very great," he said.

Briefing on USSR, China

Jakarta KOMPAS in Indonesian 29 Jul 82 pp 1, 12

[Text] Washington, KOMPAS--The situation in the Middle East and developments in the power of the Soviet Union and the People's Republic of China in Southeast Asia were two major questions which were discussed during the second day of the visit of the minister of defense and commander of the Indonesian Armed Forces, General M Jusuf, to the United States.

Reliable sources state that General Jusuf expressed both to U S Secretary of Defense Caspar Weinberger and to Secretary of State George Shultz Indonesia's concern about the situation in the Middle East. As a country, most of whose population are Muslims, Indonesia cannot let the situation in the Middle East drag on endlessly. Therefore, Indonesia urged the U.S. government to seek a way to resolve the Middle Eastern question as quickly as possible.

General Jusuf himself, in his conversation with KOMPAS correspondent Threes Nio in Washington, admitted that the Middle Eastern question is very complicated. High-ranking American officials told General Jusuf that the U.S. Government is trying very hard to find such a solution, and the special envoy of President Reagan, Philip C. Habib, at present is still actively engaged in the

Middle East, seeking a place of refuge for troops of the PLO, the Palestine Liberation Organization.

The other question which attracted major attention was developments involving the power of the People's Republic of China and the Soviet Union--particularly the Soviet fleet--in the Southeast Asian area. This question was reviewed, both in a meeting with high-ranking officials of the Department of Defense on Monday [27 July] as well as in a meeting with the chairman of the Joint Chiefs of Staff, General John Vessey, on Tuesday [28 July].

Indeed, time was specially set aside for a briefing at the Defense Intelligence Agency and an exchange of views on "the Soviet Union and PRC threat: presence and activity in Southeast Asia."

Discussion of this question will also be continued in Honolulu during the meeting with the commander in chief, Pacific, Admiral Robert Long.

The minister of defense and security emphasized to KOMPAS the importance of Indonesia's continuing to follow closely all developments affecting the forces of the two countries referred to. The minister considers that the threat presented by the Soviet Union and the PRC at present is "of equal importance." "It depends on our own problems and how far they go to consolidate themselves. For both the PRC and the Soviet Union at present are still encountering great economic difficulties," General Jusuf said.

However, General Jusuf also pointed out that, like the U.S., Indonesia must also pay close attention to the growth of the power of the Soviet Union, particularly in terms of the developments of its fleet. "We have an interest in many matters, because we have areas like the Straits of Malacca and the waters to the North of the Natuna Archipelago, through which the Soviet Fleet is always passing," he said.

For that reason General Jusuf regards his meeting with Admiral Robert Long in Honolulu as very important. This is particularly because the area of responsibility on CINCPAC covers all of these important ocean areas, such as the South China Sea and the Indian Ocean.

Apart from the Middle East question the problem of Kampuchea was also reviewed with Secretary of State George Shultz. According to reliable sources, on this occasion General Jusuf urged the U.S. Government to continue its support for ASEAN in its efforts to find a solution in this region. Both countries hope that the next General Assembly of the United Nations will show a positive attitude and that the seat of Democratic Kampuchea can be maintained.

The meeting between the minister of defense and security and the new U.S. secretary of state was not the first time they met. Previously, as minister of industry, General Jusuf had met twice with George Shultz who, as president of the Bechtel Corporation, had visited Jakarta.

The minister of defense and security felt that his half-hour meeting with the new U.S. secretary of state was very important. This was especially the case

in terms of exchanging views and providing information on Indonesia. "In this way we would hear the views of the minister of defense in these terms and the secretary of state in those terms. Thus, we were able to get a complete picture. It was also important for us to provide him with information on Indonesia so that, as secretary of state, he would then be able to understand our situation," General Jusuf said. However, he also stated that the meeting was held at the request of the U.S. side.

Receives the Legion of Merit

Before meeting with Secretary of State George Shultz, Minister of Defense and Security Jusuf was received by the chairman of the Joint Chiefs of Staff, General John Vessey. In this meeting, which was also attended by Indonesian Army Chief of Staff General Poniman and Indonesian Air Force Chief of Staff Marshal Ashadi Tjahjadi, defense problems were discussed from the technical military point of view, both those involving bilateral relations between the two countries and those involving world security in general.

On this occasion General Jusuf received the "Legion of Merit" medal, the highest U.S. decoration [as published]. And as on the first day the program at the Pentagon on Tuesday [28 July] closed with a luncheon given by General John Vessey to the minister of defense and security and the official party.

During his 2-day visit to Washington General Jusuf was also able to hold unofficial meetings with two former U.S. ambassadors who had served in Indonesia, Marshall Green and David Newsom. "These are all old friends. I was only unable to see Ambassador Masters because he wasn't here, since he is in Singapore," said General Jusuf. He was referring to former Ambassador Edward Masters, whose replacement in Jakarta has not yet been appointed.

General Jusuf also had an informal meeting on his last night in Washington with the Indonesian community in Washington and vicinity. On that occasion General Jusuf discussed the situation in Indonesia, particularly in connection with defense and security matters. He also described problems affecting the Ministry of Defense and Security which are presently attracting his attention, as well as plans for improvements and development of the armed forces in the future.

Departs for Hawaii

On Wednesday morning [29 July] the minister of defense and security and his party left Washington. They left from Andrews Air Force Base. From there, in a PELITA [Five-Year Development Program] Boeing 707 aircraft the minister and his party flew to Travis Air Force Base (San Francisco) and then direct to Hickam Air Force Base in Hawaii.

As was the case in Washington, here also the minister of defense and security was welcomed in a military ceremony. For 2 days he was the guest of CINCPAC, Admiral Robert Long. Minister of Defense and Security General Jusuf had a crowded schedule. Apart from his discussions with Admiral Long, the minister

also attended an overall briefing on the security situation in the Pacific, particularly in connection with the activity of the Soviet Fleet in the area. He also visited several places he considered important, such as the First Marine Brigade at Kaneohe, the Pacific Fleet at Pearl Harbor, and the 25th Infantry Division at Schofield Barracks.

On Friday morning [31 July] local time Minister of Defense and Security General M Jusuf and his party will leave Hawaii enroute to Guam and then directly back to Jakarta.

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CSO: 4213/74

MINISTER SIGNS INDUSTRIAL AGREEMENTS

Defense Industry Cooperation

Jakarta MERDEKA in Indonesian 27 Jul 82 p 10

[Excerpt] Washington, Monday [July 27]--In order to promote the independence of the Indonesian economy, Minister of State for Research and Technology B J Habibie recently visited several companies throughout the United States to reach agreement on developing a firmer industrial foundation in Indonesia.

Although the main objective of his visit was directed toward the private sector, he spent 3 days in Washington, talking to officials of the Departments of State, Commerce, and Defense. At the Pentagon he signed three agreements regarding defense industry cooperation with the United States Army, Navy, and Air Force. The agreements, according to officials of the Department of State, "are only in the form of general understandings, without mentioning special technology. Minister Habibie did not intend to purchase any specific quantity of goods."

The principal target of the Habibie visit concerned the technology of flight and oceanography. On 2 July he signed an agreement with the Boeing Company in Seattle to help Indonesia develop its capacity to manufacture hydrofoils and certain kinds of aircraft.

Habibie visited facilities at Northrop, General Dynamics, and Bell Helicopter, but he did not sign any agreements with these companies.

Peter Dakan, a Boeing spokesman, said that since last year Indonesia has been considering using the Boeing jetfoil boat for a number of military and commercial applications. "After Indonesia has bought three or four of the boats, we will begin to turn over to Indonesia, in a phased way, the manufacture of a number of jetfoil components," said Dakan. He added that another consequence of the agreement would be to make it possible for Indonesia to develop its capacity to manufacture certain Boeing components, so that they will be able to establish themselves as subcontractors on the world market.

The Indonesian airline, Garuda, at present is operating six Boeing 747 aircraft, Dakan said. The Indonesian government recently bought three Boeing 737 aircraft for ocean patrol purposes.

Components for Boeing

Jakarta HARI 1 UMUM AB in Indonesian 27 Jul 82 p 8

[Text] Jakarta, HARIAN UMUM AB--The P T Nurtanio aircraft factory, beginning in 1987, will have an opportunity to manufacture components for Boeing aircraft, based on a cooperative program signed recently with the American aircraft manufacturer. This was stated in a report received by the Community Relations Section of the BPPT (Technology Development Body) on Monday [27 July].

The cooperation agreement was signed in Seattle in the United States by the minister for research and development, Prof B J Habibie, and the Boeing Company. It provides that, beginning in 1987, P T Nurtanio will be given the right to take part in tenders and to receive orders to manufacture components for Boeing aircraft.

Prof Habibie, who is also president and director of P T Nurtanio, stated that this cooperation is an honor for Nurtanio, which has gained the confidence of a large company like Boeing. The Boeing Company does not produce the entire structure of their aircraft but rather it specializes in the manufacture of the cockpit and wings, while the manufacture of the fuselage, wheels, and so forth is turned over to other aircraft manufacturing companies in the world.

The receipt of an order from Boeing will facilitate P T Nurtanio's efforts to expand its working program in the field of the manufacture of aircraft components, Prof Habibie said.

Another agreement signed by Minister for Research and Technology Prof Habibie which involves cooperation between P T PAL Surabaya [Surabaya Naval Base Company] and the Boeing Marine Division concerns plans for the manufacture of jetfoil ships. This will be of great significance for maritime communications in Indonesia, 70 percent of whose territory consists of sea area.

According to Prof Habibie, at present there is under study the construction of jetfoil ships of 150 tons with a speed of 55 knots. When its production reaches the proper point, P T PAL Surabaya will later be able to build these ships for use in equipping the coastal defense system in Indonesia.

During his visit to the United States in July the minister of state for research and technology and his party undertook extended conversations with the directors of American multinational companies like Boeing, General Dynamics, Northrop, Combustion Engineering, IBM, and a number of oil companies as well as research centers in various places in that country.

In the minister's party, among others, were assistant minister Prof Dr Sukadji Ranuwihardjo; assistant minister Prof M T Zen; former rector of the Bandung Technological Institute, Prof John Sapi'ie; the director of organization and systems analysis of the BPPT, Dr Wardiman Djojonegoro; and the director of development technology, Dr Harsono Pusponogoro. Also members of the party were a number of senior officers of the Indonesian Armed Forces, including the

chief of staff of the Ministry of Defense and Security, Lt Gen Yogi Supardi; the secretary for defense industry of the Ministry of Defense and Security, Rear Admiral Kun Djelani; Major General Suryaputera of PINDAD [Army Industrial Directorate], and a senior director of P T Nurtanio, Air Commodore Yuwono.

Before returning home in the middle of August the minister of state for research and technology will make a visit to the Federal Republic of Germany, according to the Community Relations Section of BPPT.

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CSO: 4213/74

SHARP DECLINE RECORDED IN VALUE OF EXPORTS

Commodities Report

Jakarta HARIAN UMUM AB in Indonesian 13 Jul 82 p 3

[Excerpts] Jakarta, HARIAN UMUM AB--The level of Indonesian exports not including oil and Liquefied Natural Gas (LNG) during the 5 month period from January to May, 1982, fell by 41.18 percent compared to the previous 5 months (August through December, 1981). Compared with the first 5 months of 1981 (January through May), Indonesian non-oil and gas exports declined around 47.28 percent, according to preliminary data obtained by the NATARA News Agency from the Bank Indonesia.

Indonesian non-oil and gas exports during the last 5 months of 1981 totaled \$1.707 billion, whereas in the first 5 months of 1982 they amounted to \$1.004 billion, a decline of \$703 million (41.18 percent). Non-oil and gas exports during the first 5 months of 1981 totaled \$1.905 billion. During the same period of 1982 they amounted to \$1.004 billion, a decline of \$901 million (47.28 percent).

Indonesian non-oil and gas exports during the first 5 months of 1982 consisted of timber products, including sawn lumber; rubber; coffee; palm oil; tea; tobacco; tapioca; rattan; pepper; copra; handicraft items; cement; and shrimp. There were almost no exports of copper, nickel, fertilizer, and electronic equipment. Among the most significant non-oil and gas commodities exported were timber products, including sawn lumber, worth \$249.1 million; tin, valued at \$175.73 million; rubber, worth \$147.73 million; handicraft items, \$133.99 million; and rattan, \$80.97 million. The export items of least value included fertilizer, valued at \$754,000; palm oil seeds, worth \$864,000; cement, worth \$2.012 million; and electronic equipment, worth \$5.8 million.

Most of these Indonesian export commodities were exported to the countries that are members of the European Economic Community (EEC), the Middle East, Japan, South Korea, and Malaysia.

Oil and Natural Gas

Jakarta MERDEKA in Indonesian 14 Jul 82 p 10

[Text] Jakarta, Tuesday [14 July]--The level of exports of Indonesian crude oil and other oil products in the first 5 months (January through May) of 1982

[Text] Jakarta, Tuesday [14 July]--The level of exports of Indonesian crude oil and other oil products in the first 5 months (January through May) of 1982 fell by 38.36 percent, compared with exports of these commodities in the previous 5 months (August through December, 1981). During the first 5 months of 1981 (January through May) there was also a decline in oil exports of about 36.08 percent, according to provisional data obtained by the NATARA News Agency from the Bank Indonesia.

The level of Indonesian crude oil and other petroleum product exports during the last 5 months of 1981 totaled \$6.496 billion, whereas in the first 5 months of 1982 they amounted to \$4.004 billion, a decline of \$2.492 billion or 38.36 percent.

Exports of crude oil during the first 5 months of 1982 originating from the state-owned oil company, Pertamina, amounted to \$2.102 billion, obtained from the production of foreign oil firms, of which \$1.412 billion came from contracts of work and \$490.928 million came from production sharing contracts.

Indonesian exports of crude oil and other products during the first 5 months of 1981 amounted to \$6.264 billion, whereas during the first 5 months of 1982 these exports totaled \$4.044 billion, amounting to a decline of \$2.260 billion or 36.38 percent.

Meanwhile, exports of Liquefied Natural Gas (LNG) from Indonesia in the first 5 months of 1982, according to provisional statistics from the Bank Indonesia, also reflected a decline of about 41.17 percent, compared with the last 5 months of 1981. Compared with the first 5 months of 1981 LNG exports also experienced a decline of about 47.28 percent.

Indonesian LNG exports during the last 5 months of 1981 totaled \$1.707 billion compared to \$1.004 billion during the first 5 months of 1982, a decline of \$703 million or 41.17 percent.

Indonesian LNG exports during the first 5 months of 1982 amounted to \$542.657 million from the Badak field and \$568.747 million from the Arun field.

Exports of Indonesian LNG during the first 5 months of 1981 amounted to \$1.905 billion, while LNG exports during the first 5 months of 1982 totaled \$1.004 billion or a decline of \$900 million or 47.28 percent.

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CSO: 4213/73

MORE FOLLOWERS OF HASAN TIRO CAPTURED

'Adviser to Governor of Peurelak' Captured

Jakarta KOMPAS in Indonesian 3 Jul 82 p 9

[Excerpts] Medan, ANTARA--The Aceh Special Branch Office has again succeeded in capturing a leader of the Hasan Tiro Movement (GHT), Tengku Salim bin Malik (62 years old), who called himself an "Adviser to the Governor of the Peurelak District," a few days ago in Alur Dua Village, Peurelak District, in Aceh Timur Regency.

On the same day, 28 June 1982, another member of the GHT group, Imam Ali Piah, came in to surrender at a post of Task Group "B" of the Aceh Special Branch Office in the Peurelak District. He identified himself as a bodyguard of Yasin Ali, "Commander of Region IV." Yasin Ali was also captured last week. Imam Ali came in wearing the GHT uniform.

The capture of Tengku Salim bin Malik was a success for Task Group "B", the special unit formed by the Aceh Special Branch Office to suppress the GHT remnants in Aceh Timur Regency last April. Prior to this the unit had captured Idris Ahmad, "Governor of the GHT Peurelak District," together with two of his followers. After the capture of Idris Ahmad in May, 1982, Tengku Salim promoted himself to be "Governor of the Peurelak District," replacing Idris Ahmad.

Two Task Groups

Jakarta MERDEKA in Indonesian 9 Jul 82 pp 1, 2

[Excerpts] Banda Aceh, Thursday [9 July]--On Tuesday, 7 July, Tengku Rahman Batee Puteh, who called himself commander of Simpang Ulim region and was also the chief of customary law in the GHT Peurelak District, was captured. The capture of Rahman Batee Puteh was the fourth success registered by Task Group "B", which is led by Maj (Infantry) Jahdi Husin.

Previously, on 21 May 1982 the Task Group succeeded in capturing alive Idris Mahmud (39 years old), who called himself governor of the GHT Peurelak District, together with three of his followers, who were respectively called Jailani (27 years old), Said Hasan (24 years old), and Marzuki (26 years old).

Seized with them were two weapons and 130 round of ammunition, a typewriter, wornout clothing, three blue berets, a number of documents, and medicines.

Later, on 25 June 1982 the Task Group of the Aceh Special Branch Office registered another success, capturing alive Yasin Ali, who admitted he was commander of Region I of the GHT group. Seized with him was one firearm.

The following capture took place on 28 June 1982, involving Tengku Salim, adviser and governor of the GHT Peurelak District.

According to the Aceh Special Branch Office, in order to wipe out the GHT in Aceh completely, two Task Groups were formed. Task Group "A" on 15 April 1982 succeeded in shooting and killing Ilyas Lebee, who called himself minister of justice; Idris Ahmad, governor of the Batee District; and Yacop Piah, a GHT logistics soldier. When they were intially attacked by the Indonesian Armed Forces unit they were at first able to resist and to run away. In Ilyas Lebee's hiding place were found a number of GHT documents in a dilapidated lean-to, surrounded by two and one-half hectares planted to marijuana.

Four Leaders Sought

Jakarta KOMPAS in Indonesian 12 Jul 82 p 12

[Excerpt] Banda Aceh, KOMPAS--According to information available to the Aceh Special Branch Office, there are four other GHT leaders who are still being sought. They are: Hasan Tiro, who calls himself "Chief of State of Free Aceh;" Dr Husaini Abdullah, "Minister of the Interior of Free Aceh;" Dr Zaini, "Minister of Health;" and Daud Paneuh, "Commander of the Armed Forces of Free Aceh." However, according to the Special Branch Office, these four leaders and their followers are under increasing pressure, since the people of the area are joining in the effort to wipe out the Hasan Tiro Movement.

5170

CSO: 4213/73

'KOMPAS' VIEWS SOMARE'S COMEBACK IN PNG

BK131425 Jakarta KOMPAS in Indonesian 6 Aug 82 p 4

[Editorial: "The Return of the Somare Government"]

[Text] Michael Somare has returned as prime minister of Papua New Guinea. He replaced Sir Julius Chan following his victory in the general elections held in June.

In this country of 2.6 million people, political life is marked by tribal loyalty and rivalry. Sir Julius Chan, an economist, was deputy prime minister in the first Somare government. He withdrew from the government, joined another party and succeeded in toppling Prime Minister Somare through a no confidence motion in parliament. Julius Chan's coalition parties were defeated by the Pangu Party led by Somare in the June general elections.

Michael Somare is not merely the prime minister but was one of the prominent leaders of Papua New Guinea's independence struggle and his image as a national leader is the strongest among them.

As a newly emerging nation with a tribal background, Papua New Guinea is faced with two basic tasks simultaneously, that is, to develop an integrated nation and identity while building socioeconomic infrastructures.

In view of their background, the Somare-Julius Chan combination could serve as cooperating leaders to meet these requirements, but as in many other countries this ideal combination cannot be realized. Now Julius Chan is on the opposition benches. Nevertheless as the mover for national integration and identity, Somare's image is stronger. The phase for developing national integration and identity also requires special attention.

Indonesia is interested in the stable development of Papua New Guinea which shares a border with Irian Jaya. Prime Minister Somare and the other leaders are aware that a good neighborly relationship with Indonesia is the strategic key for regional stability to create a climate conducive to national development.

The two countries have developed good relations through realization of the charter of cooperation and through an exchange of visits between leaders and officials. The good relationship between the two countries has repeatedly been disturbed by border issues and border traffic. Elements in Irian Jaya who still do not wish to be integrated into the Indonesian nation have sometimes fled to Papua New Guinea.

There is an agreement between the two sides on how to deal with these problems. There have been misunderstandings on several occasions because of press reports, but these have not shaken the foundations of the good relations and good will of the two sides.

Apart from the border issue, Indonesia provides broad opportunities for cooperation with Papua New Guinea in various sectors, such as agriculture and education. Indonesia is the natural mainstay for Papua New Guinea in its efforts to strengthen and foster its place in the Asian region.

Prime Minister Somare probably is more aware and sensitive to these problems. Therefore, he will seek the best solution to any border issue. And should there be another border issue, it is clear that this will not be permitted to affect the growing strength of the relations and cooperation based on good neighborliness.

CSO: 4213/500

ACTIONS IN E. JAVA TO BE STEPPED UP, PROLONGED

BK181223 Hong Kong AFP in English 0811 GMT 18 Aug 82

[Report by Gilles Bertin]

[Text] Jakarta, 18 Aug (AFP)--Indonesian authorities are to step up and prolong order-keeping operations among East Java's 28 million habitants until October following bloody clashes between villagers, backed by plainclothes policemen and soldiers, and gangs of bandits and witchdoctors.

The police have for the first time admitted that order-keeping operations were being carried out since January this year in the Jember and Bondowoso districts where 40 people were reported killed so far.

According to East Javanese police chief General Pamuji, the operations are not against the witchdoctors but are only against the criminal.

The Indonesian press has so far not been allowed to give any detailed accounts of the incident.

The joint army-police operations will continue until October and cover a few more districts in East Java, about 1,000 km (620 miles) from the capital, well-informed sources here said.

Dozens of people have been arrested since the hunt for bandits and criminals started in January following the murder of a policeman by a dozen members of the local "mafia," the sources said.

Plainclothes police, assisted by villagers, have launched "punitive operations" against tukang santet (witchdoctors) practising black magic and bromocorah (bandits), who have created a climate of fear in the Jember and Bondowoso districts with revenge and terror by extortions and robberies.

Local sources said the peasants and villagers supported the punitive expeditions.

Although the mountainous volcanic region is considered to be a stronghold of orthodox Moslems, it is deeply influenced by Javanese or Kebatinan mysticism, inherited from very ancient religions which believe in supernatural powers, inward feelings and black magic.

The anger of the villagers and plainclothes policemen who were believed to have acted without orders from their superiors, was triggered by the murder of a policeman but also by constant lootings of their livestock and criminal acts by witchdoctors, an intellectual from that region said.

The tukang santet, said to possess all kinds of occultic powers and practise black magic rejected by the Kebatinan people, are also fortune-tellers and exorcists.

The witchdoctors, many of whom have been killed during the punitive operations, are sometimes assisted by the bromocorah, men who work for the highest bidder.

The bromocorah, the majority of whom come from Madura Island a few kilometres from the East Javanese coast, are well-known for being hot-blooded. These dangerous fighters always carry a clurit, a traditional sickle-type weapon with a tapering blade, and are said to have close relations with the local "mafia."

They are also hired for vendettas between rival families or villages.

The Moslem opposition in the capital question the real aim of such punitive operations in East Java where the NU [Nahdatul Ulama] faction of orthodox Moslems of the Moslem PPP Party (United Development Party) has a strong support.

NU, which merged with the PPP in 1973, includes the elements most opposed to President Suharto's new order.

Some Moslems believe that the operations are aimed at intimidating supporters of NU and maintaining a substantial military presence in East Java.

It was recalled that 45 people were reported killed in similar incidents in January last year. At that time, an influential PPP parliamentarian (of the NU faction), Yusuf Hasyim, said in addition to witchdoctors and criminals, several ulemas (Moslem priests) were killed for political reasons.

His charges contradicted official statements on the killings published by Indonesian newspapers which are strictly controlled by the authorities.

CSO: 4220/303

TRADE CHIEF REVEALS FOREIGN TRADE FIGURES, INTERNAL POLICIES

Vientiane SIANG PASASON in Lao 14 Jul 82 pp 2, 4

[Interview with Mr Inhom, Trade Chief Concerned with Trade Circles by a Reporter from SIANG POSASON; date and place not given]

[Text] Trading is an important lever in the period for the transformation and construction of socialism in our country.

To obtain clear information concerning that work, our reporter interviewed Mr Inhom Vinit, acting chief of Lao State Trade, who told us that the Lao State Trade is the only company that deals with foreign trade and distributes goods to and buys from many different localities all over the country.

Mr Inhom said that in the first six months of this year the Lao State Trade has carried out the policy of the party and government, and attentively and actively carried out its work. For example, in buying and exchanging the company has sent goods and capital to different localities depending on the ability of each province for use in buying and exchanging the produce from the people. In the past six months they were able to purchase and exchange 2000 tons of coffee, 17,299 tons of gypsum, 76,860 tons of tin, 48,599 rattan sticks, and a quantity of cardamom worth over 43 million [kip].

As for circulation and distribution, Mr Inhom said that the State Trade sells wholesale to each province periodically, and the provinces provide distribution to different localities. In the past six months they sent goods to different localities calculated to be 41.55 percent of the plan, worth 480,376,098 kip. This included supply goods and industrial goods. The difficult problem in carrying out this work was that the goods did not arrive at the time they were needed.

As for foreign trade, Mr Inhom said that we exchanged goods between other socialist countries such as Vietnam, the Soviet Union, Hungary, Bulgaria, and the German Republic based on the agreements signed by both sides. We sent coffee, plywood, logs, lumber, wood, resin, peanuts, Stick lac, rattan, tin, tobacco, and handicraft products in exchange for machines and indispensable goods. Moreover, the Lao State Trade exchanged and ordered goods from capitalist countries.

Mr Inhom said at the end that in order to implement the plan of the Third Congress of the LPPⁿ, from now on the Lao State Trade will improve the prices in order to encourage production, especially the price exchange between industrial and agricultural goods, and will encourage localities to improve, deepen, and spread the trade base throughout the country. Meanwhile, they will do the best they can to ensure that the transportation and distribution of goods is carried out on time. Foreign trade will be pursued most aggressively with socialist countries.

9884

CSO: 4206/71

SRV AID PROJECTS, REPAIR FACTORY DESCRIBED

Vientiane SIANG PASASON in Lao 13 Jul 82 p 2

[Article from VIETNAM PICTORIAL Magazine: "For the Friendship Route"]

[Text] Factory 250 C under Group 64 is located on the bank of the Ma River, Thanh Hoa Province; it is less than 100 km from the Vietnam-Laos border.

The factory was built only two years ago. Housing and other things are being worked on so that the front part of the factory, in particular, will not only be used to repair 250 vehicles a year based on the plan, but also will advance to double that amount. That is the order which is the state law and is also the goal of the factory, which aims to respond to the need of vehicle and all kinds of machine repairs of Group 64 that regularly goes to construction sites and roads to help the LPDR from the north to the south.

Almost all of the cadres, workers, and state employees of the factory are those who once helped building many different important routes within the country, for example, routes 6, 7, 9, 13, and others. On these routes there are many vehicles continually transporting friendship goods, and contributing in the construction and protection of the Lao allies.

In the ceremony for awarding the independence medal first class of the LPDR government to Group 64, Comrade Sanan Southichak, Minister of Public Works and Transportation, said that they helped Laos build many different routes thousands of kilometer markers long, and also they built tens of bridges. It is a very simple matter to calculate superficially only the numbers of roads and bridges they built, and how many kilometers they did in the land and riverine survey. However, it is not as easy as that. The construction sites they built were all thick jungle full of thorns with tall mountains and steep abysses, in the most remote areas. At these places the cadres and workers endlessly and determinedly cleared the land, dug mountains, and filled water ditches and abysses to build many different roads. In some places it is very cold in winter, and very hot like burning fire in summer. However, they managed to make it, especially during the time they worked against the war of aggression, when the American imperialists fiercely bombed and destroyed different routes by airplanes. These comrades did not think of their own lives. When the enemy destroyed [the routes] in the daytime, they would repair them at night. Many comrades were injured and lost their lives, which was the greatest sacrifice of all.

With this brilliant heritage along with the experience of the cadres and workers, recently they have not only paid attention to repairing many transportation vehicles and tractors from construction sites and communications routes in Laos, but also are hurriedly completing the last portion of the AB Fan Bridge which is 50 meters long. This brigade will be built in Ham along route 6 in the northern region of Laos.

Over a year preceding this the factory received orders from Group 64 to build and finish laying out the hardwood used for columns and secondary components in order to help the barge port in Khoua District, Phong Saly Province. This was to convert from pulling the barges with Kano vessels to pulling them with cables: instead, in order to release many automobiles that were crowded there because of a lot of water, and it is urgent work. However, the materials, especially steel from the factory, is not the right size. If we have to wait for the requisition and approval from the higher echelons it would be delayed. There were many discussions concerning the techniques and there were many opinions expressed. Finally, the factory had to make new plans which involved welding 2 pieces of stainless steel together to make it thick enough to the level marked "Fi" which is outside of the pulley.

In this way the factory managed to make it through its difficulties, and to ensure its production rate. It completed the plan 3 days ahead of schedule. This helped to speed up route 42 B for use while there was a lot of water.

Comrade Nguyen Van Nhuan, director of the factory, added that "in 1980 the factory was confronted with so many difficulties that we thought we would not make it, e.g., the lack of skilled workers, and materials and equipment. Also, they had to produce, continue to expand the factory, and complete many different types of construction. For these reasons they struggled until September only to complete 48 percent of the plan. The guidance committee of the factory met regularly to study and organize the competition with the special friendship between Vietnam and Laos, and score achievements to celebrate the heritage of the fifteenth anniversary of the aid to Laos by Group 64, along with other economic measures. Therefore, when we calculated only the last quarter of the year, the fact is that the factory completed 52 percent of the whole year's plan. Moreover, the factory transferred ten thousand Dong of its profits to its government.

If you have a chance to visit factory C 250 now you will see the new physical labor for serving and steadily improving the communications route construction in the neighboring country.

9884

CSO: 4206/71

SOUTHERN EX-INSURGENTS DESCRIBE HARD LIFE IN MAQUIS

Vientiane SIANG PASASON in Lao 9 Jul 82 p 2

["Talking Together" Column by S. Phoutsadi: "Fate of the Misled"]

[Text] Being angry, hateful, and tired of the deceptive propaganda of the reactionaries who are the henchmen of the imperialists and Chinese reactionaries, and seeing their own fate that they would not make it, on 27 April and 21 May 1982 a number of misled people decided to return to their homeland in Khong and Sanasomboun Districts, Champassak Province. These people brought their weapons with them and gave them to the local administrative authorities. These included 2 B-40 rocket launchers, 1 B-41, 2 CB, 3 AK's, 1 M-16, 1 [Hanley], and 1 AS, along with a number of bullets. It was a good path that led them to progress. The local administrative authorities and their relatives welcomed and praised them highly. Then it was time for these ex-insurgents to disclose their hard life and the evil deeds of the exile groups to reporters, the masses, and their own relatives. Since they had fled from their homes and families, their situation and standard of living was very poor; the clothes they wore were all torn. Each day all they did was steal and loot the people's property. Food was always short. They did not have cloth and clothing. Each day they went to stop and loot vehicles in order to take things from the people. Which-ever house they entered they cleaned out everything. It was an extremely hard life. No matter how far the marsh and mountains were, they went there because they were afraid the liberation soldiers would ambush them. If they did not enter a village they would not have food to eat. Another thing they were afraid of the most were guerrillas. There were many times that they almost were killed when the guerrillas ambushed them. As for money, from the day they left to the day they returned they did not see any kip or bank att. Whenever and wherever they looted any vehicles, all of the money went to the boss. The henchmen did not get any. Most of the money was hidden to give to girls. When sickness occurred there was no medicine and no one to take care of them. From what was happening they could see their own future, and they realized that they and the group had taken the wrong way, and had been deceived by the reactionary traitors and were involved in psychological warfare. If they stayed there any longer they would have committed crimes against the country and the people. Their fate would undoubtedly be sealed. Therefore, the best way was to escape from the undesirable fate that was full of guns of the reactionary traitors, and they decided to return to their homeland and to their children, wives, and parents. The local administrative authorities always welcome and forgive and educate and train them to be good citizens, to raise their standard of living, so that together with their relatives they can build and enrich their new lives.

9884

CSO: 4206/71

'NEW STRAITS TIMES' COMMENTS ON LEE KUAN YEW VISIT

BK240823 Kuala Lumpur NEW STRAITS TIMES in English 23 Aug 82 p 16

[Editorial: "Closer Ties"]

[Text] While it is too early to tell how fulfilling the visit of Mr Lee Kuan Yew will be, the agreements reached and the positive mood that dominated during our prime minister's visit to the republic last December are themselves a strong assurance that both leaders are not likely to allow any let-up in the common effort to strengthen close bilateral cooperation. Indeed the very gesture of Mr Lee's reciprocating the visit is an expression of optimism and faith that another milestone will be reached in firming relations. On the Malaysian side, there could not be any other response but welcome for the effort to continue the fine start made in December. What was significant then was not just the settling of nearly all the outstanding bilateral issues but also the rapidity and spirit of compromise with which it was carried out. These, it can be expected, will prevail as well in the talks here.

Part of the aims of the visit is to establish further working relations between the ministers accompanying Mr Lee and their Malaysian counterparts. This in effect would mean a furtherance of the pledge by both prime ministers that there should be more people-to-people contact, and this not merely on occasions when there are bilateral problems. The establishing of a viable working and social relationship between those in the second echelon of leadership promises not just the swifter resolving of contentious bilateral issues that may crop up in the coming months and years.

During the Singapore premier's brief visit, further proposals put forward are likely to include those which will strengthen economic cooperation. Given the large and varied delegation, it would not be surprising if concrete plans are also made to further joint activities relating to not just political and economic affairs but also cultural and social. Whatever, the climate between the two governments has never been better.

CSO: 4220/303

NO CONSENSUS REACHED ON RUBBER GROUP'S MARKET MOVE

BK191335 Kuala Lumpur Domestic Service in English 1130 GMT 19 Aug 82

[Text] Members of the Association of National Rubber Producing Countries [ANRPC] have not reached a consensus on the implementation of a decision to withhold 350,000 tons of natural rubber from the world markets. The minister of primary industries, Datuk Paul Leong, said this in [words indistinct] today after meeting the menteri besar [chief minister], Datuk Sri Syed Nahar Shahabuddin. The ANRPC countries were to have discussed the question in Jakarta last month, but the meeting was postponed. However, a meeting is expected to be held in Kuala Lumpur on Monday.

Datuk Leong says Malaysia will hold firmly to the decision and is prepared to implement it to ensure the stability of the rubber price. The decision to withhold 350,000 tons of rubber from the world markets was for implementation during the second half of this year.

Datuk Leong says: If the move is implemented it will help to stabilize the natural rubber market, which is now weak. Datuk Leong also disclosed that producing countries will discuss the question of reducing production, because this is important to safeguard the future of the commodity.

He said the government is sympathetic to smallholders, who are affected by the poor price and had taken several early measures to help them. The Malaysian Rubber Development Corporation and Rubber Industries Smallholders Development Authority have been directed to buy latex direct from smallholders, while in the long term the Primary Industries Ministry and the Ministry of Trade and Industry will take steps to encourage more usage of natural rubber locally.

CSO: 4220/303

MALAYSIA

BRIEFS

SARAWAK SECURITY COMMAND--The Rajang Security Command [Rascom] in Sarawak will not be abolished as long as the communist threats in the 3d, 6th and 7th divisions persist. The chief minister, Datuk Patinggi Haji Abdul Taib Mahmud, says though the security situation is under control, the need to abolish Rascom does not arise for the time being. The chief minister, who is chairman of the State Security Committee, also says there is no question of the government negotiating with communist remnants in the Rascom area since the government does not recognize them. He adds that the government is practicing an open door policy where the terrorists can rejoin society instead of continuing their futile struggle in the jungle. [Text] [BK201011 Kuala Lumpur International Service in English 0800 GMT 20 Aug 82]

TIMBER TRADE WITH PRC--Malaysia wants more direct trade for timber and timber products with China. The visiting Chinese trade mission has shown keen interest in purchasing the commodities. The mission has disclosed its requirements, particularly for logs and plywoods to the Malaysian Timber Industry Board in a preliminary discussion in Kuala Lumpur. In turn, the board has informed the mission of its task and specifications of timber available in the country. [Text] [BK180941 Kuala Lumpur International Service in English 0800 GMT 18 Aug 82]

CSO: 4220/303

POSITIVE, NEGATIVE ASPECTS OF FEDERAL BUDGET DISCUSSED

Cost of Top-Heavy Administration

Karachi JANG in Urdu 25 Jun 82 p 3

[Article by Irshad Ahmad Haqqani: "Positive and Negative Aspects of the Financial Budget for the Fiscal Year 1982-83"]

[Text] It is seldom that the budget presented by the finance minister of a country comes up to the expectations of people from all walks of life. The reason for the mixed reaction to the budget for the coming fiscal year presented by Mr Ghulam Ishaq Khan is that he had to keep in mind mutually opposed demands. If, on the one hand, he was expected to accelerate development programs, then on the other hand there were others who vehemently demanded that relief be provided to the most segments of the population possible, and that inflation and price increases be kept under control. That it is impossible to keep in mind the expectations of both these groups at the same time is self-evident. Among those demanding relief were, first, government employees and other salaried persons and, second, groups of people connected with industry and trade, who were clamoring not only for increasing the limit of taxable income but were also demanding a number of other concessions and benefits. As for the government, it was forced to increase defense spending to a certain extent. It required more funds for the payment of interest and loans and the size of development programs had to be increased, which meant that the government required more resources. The path chosen by the finance minister to overcome these difficulties was, in his opinion, the best under the present conditions. Any other course of action, according to him, would have been still less acceptable and more painful.

If we glance at the finance minister's speech, his difficulties and limitations and also his proposals, it becomes clear that the main reason for our economic difficulties is that as a nation we were no longer adhering to the principle of living within our means. Currently, everybody seems to be engaged in a race to raise the standard of living. Even though every group is contributing to this according to its capacity, the major responsibility for the worsening of the situation rests with the well-to-do and wealthy class. A second and equally important reason is that the administrative structure of the country has become so huge and has grown so out of control that a great part of the country's resources is being spent to maintain this huge

structure. Mr Ghulam Ishaq Khan has announced a 7-percent reduction in all government spending, with few exceptions. But the elephant of administration has become so gigantic that its masters (the people) have to bear the great burden of providing it with huge quantities of food just to keep it alive. Despite tremendous demands by salaried persons and businessmen, the finance minister did not extend the limit of taxable income, even though both these groups had advanced powerful arguments in support of their demand. A salaried individual has to declare the total amount of his salary. He cannot conceal it even if he wished to do so. In these days of inflation and growth in the necessities of life, to demand income tax from a person receiving a salary of 1,000 rupees per month can in no way be said to be fair. Both government and nongovernment employees who receive a monthly salary of 1,000 rupees per month deserve an increase in their remuneration, and rather than be burdened with tax, they should be offered help to pull themselves out of poverty. But the finance minister could not provide any relief to this class of people simply because more than half of the country's income tax is obtained from salaried persons. If the taxable limit were to be increased, the government would be deprived of a significant amount of its revenue, something it is not prepared for under the present circumstances.

Businessmen earning an income of 1,000 rupees a month have to resort to various tactics to escape taxation, and as some observers have stated, by maintaining the present taxable level this class has been shown new ways of cheating the government. Among them, the people who are really honest and do not wish to render inaccurate account at any cost are really in trouble, because they do not know how to pay their taxes, and if they don't pay their taxes they do not know how to appease their pricking conscience. The finance minister has not provided them relief either, because he thinks that they have already concealed quite a lot of their taxable income and if they were given further relief, the government would be deprived of revenue from this sector. The government's position resembles that of a starved person who is never satisfied and is all the time clamoring for more. Therefore, until the government decides to limit its gigantic administrative machinery, people cannot expect to get any relief. The only solution would be to reduce the number of unnecessary personnel as well as the number of offices and prevent the burden of administrative expenses from increasing every year. Remarks by some people to the effect that even though the country is reduced by half, the administrative expenses have multiplied a number of times, are not far from wrong. Government employees must be provided with necessary benefits and remuneration, and whatever increase is incurred in expenses as a result of this action must be borne. But to continue employing more and more people, creating new positions in offices and departments and increasing the number of government employees continuously is not a wise action. Instead, the government should refrain from getting involved in unnecessary official duties. Every effort should be made to get the maximum possible work out of the minimum number of employees. To simplify government procedure, it is not enough to take official measures; revolutionary changes are needed. Alternative sources of employment should be created in industry, trade and agriculture. If the elephant of the administration is allowed to get plumper, then the day is not far off when the government will be forced to use major portion of national resources just to feed it, thus making it still more difficult to provide resources for development projects and social welfare.

Threat of Inflation

Karachi JANG in Urdu 27 Jun 82 p 3

[Article by Irshad Ahmad Haqqani: "Positive and Negative Aspects of the Financial Budget for Fiscal Year 1982-83"]

[Text] The second most important reason for the economic difficulties facing our country is the disproportionate use of our resources. The finance minister himself has acknowledged that the rate of consumption in Pakistan is much higher than that of most other countries in the world and that we consume 80 percent of our national income. In this sad state of affairs, development cannot be accelerated and social and economic justice cannot be administered. The finance minister's information that we waste 1 billion rupees on tea, tobacco and imported drinks is neither a new revelation nor does it give the full picture of our profligacy. There is an abundance of luxury articles in the country. The major portion of the 3 billion rupees coming to Pakistan from abroad is spent on consumer goods and for raising the everyday standard of living. Ever since this new source of income was created, if plans had been carefully devised to utilize the money wisely and sensibly, not only would there have been no inflation, rise in prices and increase in unhealthy competition, but abundant resources would also have been made available for progress and development. Even today, 7-8 years after this new source of income came into being, there is no consolidated official plan for putting it to good use. Even the people who have been receiving this wealth have not been able to save it, nor have they used it successfully for productive purposes. In fact, the plight of our nation just now resembles that of an extravagant and careless person addicted to pleasure, one who is not in the least concerned about the necessities of the future and who believes in the proverb: "Give yourself to pleasure and enjoyment because you will not come back to this world a second time." Every group and every individual, except for those who really have no worldly possession, indulges in spending more than its income and outdoes others in the mad race to raise its standard of living higher and higher. We have been declaring aloud our commitment to Islam, but at the same time we are becoming more materialistic than ever. Wealth, money and material ease and comfort have become the religious faith of this nation and people consider every effort directed at this goal as reasonable. Unfortunately, among vast sections of people in this country, an image of Islam has become popular that though it may not envisage love of wealth as an element of religious conviction, at the same time does not prohibit it, either. People possessing property worth millions of rupees and with incomes in hundreds of thousand of rupees are seen to applaud the virtues of Islam day and night and look on their wealth as a blessing from God; they consider the highest standard of living and most extravagant life style as a benevolence of God. But they do not realize that they are violating the teachings of Islam, which advocates simplicity, frugality and moderation. Neither do they ever think of the requirements and necessities of their less fortunate brothers, sisters and children living in deprivation. There are among them some people who help in the name of God and religion but who nevertheless continue to amass wealth through all possible illegal means and consider spending lavishly on themselves and their family as their inherent right.

The entire elite class is engaged in an illegal race to amass wealth, while the authorities do nothing to change this tendency and create an atmosphere of sense and understanding. The bitter truth is that the government is very popular among these extravagant people, and perhaps this is why the authorities cannot take effective measures to change their ways and manners, their extravagance and wastefulness. Prudent people well versed in the true perceptions of Islam and the Islamic way of life know that Islam prohibits materialism, limitless craving for worldly pleasure, abundance of ease and comfort and imprudent use of resources. There is no place for a show of splendor in Islam. Islam advocates simplicity and teaches that minimum use should be made of resources for personal or family requirements. If these true Islamic traits were to be reflected in our national life, most of our economic difficulties would be solved and, at the same time, demands for progress and development could be met and social justice could be provided with available resources.

The finance minister has declared that the measures to be adopted to make up for the loss due to the deficit in the budget are the most appropriate under the circumstances. But the fact is that by imposing a 5 percent surcharge on all imports, he has provided ample incentive for an increase in prices, as a result of which advantages gained by the government will be far less than the difficulties created for the people. To say that because of this surcharge there will be a very negligible increase in prices is, to say the least, unrealistic. We believe that our guess--that as a result of budgetary proposals there will be an increase of 15-30 percent in the price of goods within a few months--will prove to be correct. As it is, due to disproportionate relationship between the rupee and the dollar, imports are already expensive. Now, with the imposition of the surcharge, these prices will be increased two and threefold. By the time these goods reach the customers, it will not be difficult to predict the dreadful increase in prices. The increase in the price of gasoline is attributed to the increase in the value of the dollar. Even though the price of gasoline in the world market has gone down because of an increase in the value of the dollar, it is said that we are not able to obtain it at reduced rates. In the past prices of gasoline products were increased because of an increase in their rates in the world market. But now it is said that because of the disproportionate relationship between the value of the rupee and the dollar, the value of the rupee has decreased and the cost of oil has increased. Hence, an increase in the price of oil. No matter what the government gains as a result of the surcharge on imports and the increase in the price of gasoline, the man on the street will have to pay much more and hence the loss suffered by the people will be manifold.

Juggling of statistical figures is quite another matter. An economic survey shows that in the first three quarters of this year the increase in the wholesale prices of commodities was 3.6 percent, whereas the finance minister says that up to April this increase was 6.3 percent. It is also asserted that inflation has been kept to a single digit. It is difficult to say how true this claim is, but the experience and observation of the man in the street does not enhance his faith in the authenticity of these claims. People have seen the hike in the prices of consumer goods.

The prices of consumer goods in the evening are different from those in the morning, and, similarly, the prices next morning differ from those of the previous evening. Why there is no conformity between one's observations and experience and official statistics is hard to explain. Official sources may have a clue to this puzzle, but the man in the street does not.

Besides the increased hardships arising as a result of the budget, and more to follow in the weeks ahead, there is another difficulty that looms large over their heads. There are reports that after the holy month of Ramadan, the government will gradually increase the prices of most other goods and services. Some policy decisions have already been made, but in view of certain expedencies, their implementation has been postponed. About 1,000 medical items are being decontrolled, as a result of which a hike of 60 to 125 percent in their prices is expected. Mr Ghulam Ishaq Khan, in his press conference immediately after he presented the budget, gave no assurance that in the coming months there will be no increase in the prices of goods and services in the government sector. This indicates that the predictions of circles expressing fears about a rise in prices of edible oil, wheat, cement, tea, electricity and water were not far from the truth. As a result of all these measures, the graph of prices in the next 4-6 months will rise significantly. For the average person, it will become still more difficult to maintain the balance between body and soul. Regardless of the difficulties and preferences of the government and the finance minister, and however much they may believe that they are steering the country's economy in the most prudent way, people in the middle and lower class cannot applaud the government's efforts. For them, the immediate difficulties are more real and important. People as a rule do not care so much for lofty claims and rosy predictions for the distant future. They are concerned with immediate problems and difficulties. If the finance minister prepared the country's estimates of income and expenditures in such a way that there were no possibility of any increase in prices, then it would not have been difficult to draw applause from the people for his financial capabilities. During the coming fiscal year, the government would like to print more than 5.7 billion rupees in bills. The taxes imposed by the government amount to 50 million rupees, which will be transferred as a burden on the public in the form of taxes totaling 150-200 million rupees. This will further intensify the seriousness of the twofold misfortune already facing the people, namely, inflation and higher prices. If, under such circumstances, the people were told that the gross national product would increase by more than 6 percent, this would sound like a melody sung in the distant hills and hardly audible to their ears.

Benefits provided for government employees in the new budget, though at first glance appearing to be quite sizeable, in reality are not. The salaries of the lower grade employees will be raised by 50 to 100 rupees, which is much less than their requirements, expectations and demands. Therefore, since the presentation of the budget, some of these employees have started expressing dissatisfaction at the relief provided to them. The Ministry of Education has the largest number of government employees, and among them, school teachers constitute the highest proportion. Those receiving the rent allowance for the first time will be satisfied to a certain extent with the increase in

the new cost of living allowance. But the raise the other employees will receive will not be sufficient to cover the hike in prices resulting from the present budget. How they will cope with the rise in prices already in place is hard to say. The only way to help these people is to strengthen the value of the rupee and improve its buying power. Unfortunately, the chances of such measures appear to be remote. The fact is that whatever has been given to the government employees with one hand is being taken back with the other hand. The sense of deprivation will remain unchanged. If, in the coming months, the prices of goods and services were to register a further increase, then the raise given to them will be no more than a joke. The least that the government can do to alleviate their suffering is to freeze the prices of flour, edible oil, tea, sugar, medicine, electricity and water at the present level and maintain them there at least until the next budget.

The Ushr part of the Zakat and Ushr Ordinance has been suspended for 2 years. It has now been decided to bring it back into force with effect from the next spring harvest. Even though, like zakat, imposition of ushr is nominal, it will certainly be described as a very big step in the right direction. It is important that great attention be given to the attainment and disbursement of the amount collected from ushr. The zakat committees that have been entrusted with achieving ushr came into being as a temporary measure and elections held for the committees recently came under extensive criticism. It is necessary to consider ways and means to improve arrangements for achieving and disbursing ushr. It is estimated that in the initial stage, approximately 100 million rupees can be collected through ushr, about 1.5 times the amount that can be collected from zakat. This large sum should be used for purposes strictly in accordance with Islamic law.

Certain circles have criticized another aspect of the budget in particular. They complain that promises for doing away with interest have not been fulfilled even after the appointed time and there are no indications when this will be done. This criticism carries weight and deserves attention. The importance of ending interest in an Islamic economic system is self-evident. The fact is that Islam gives top priority to eradicating the curse of interest as a first step in ending exploitation, to doing away with the amassing of wealth and to providing social justice. Once interest is eradicated, serious social inequities will automatically diminish significantly. In an Islamic economic system, the eradication of interest is more important than the implementation of zakat and ushr, not less. There is no doubt that the eradication of interest requires more effort and more revolutionary thought and action. As some observers have remarked, progress toward an interest-free economy, after years of careful consideration, does not seem to be too difficult. It has now become clear that if agreement could be made to protect the interests of certain privileged classes, then it should not be difficult to make progress in the direction of an interest-free economy. It must be acknowledged that whatever measures have been taken in the matter have been highly unsatisfactory and of a preliminary nature. The need for bold and sincere progress prevails with full force. If we have to move forward toward the establishment of an Islamic system, there is no alternative but to adopt an Islamic system of economy, and the eradication of interest is

the most important factor in this system. Furthermore, it is regrettable that the government spokesmen have not given any reason for not being able to fulfill the promises made concerning interest in January 1979. They have neither apologized nor have they thrown any light on their future aims and objectives in the matter as to how soon progress might be expected. Silence on the subject can only give rise to adverse reactions and comments.

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CS0: 4203/151

BRIEFS

ENVOY VISITS INDIAN FOREIGN SECRETARY--Pakistan Ambassador to India Riaz Piracha had a meeting with Indian Foreign Secretary M. K. Rasgotra in New Delhi yesterday which lasted for 1 hour. During the meeting they reviewed the recently held secretary-level talks on regional cooperation and the bilateral talks between India and Pakistan in Islamabad. [Text] [BK221525 Karachi Domestic Service in Urdu 1500 GMT 22 Aug 82]

PRESIDENT COMMENTS ON HIJACKING--President Gen Mohammad Ziaul Haq has complimented the Punjab governor, the corps commander and the civil aviation authorities for successfully foiling the attempt of the hijacked Indian Airlines plane to land at the Lahore airport. The president, who had been kept informed of the entire situation, also appreciated the alertness and presence of mind of the authorities concerning for handling the incident under the supervision of the Punjab governor (?which forced) the Indian plane to return to India. Indian Ambassador in Islamabad K. D. Sharma told Radio Pakistan's representative that he was extremely grateful to the Pakistani authorities for their wholehearted cooperation in regard to this very unfortunate episode. He admired the efficiency of the Pakistani authorities in handling the situation. [Text] [BK210558 Karachi Domestic Service in English 1700 GMT 20 Aug 82]

FOUR ARRESTED IN ASSASSINATION--Rawalpindi, 17 Aug--The local police have arrested the four alleged assassins of Malik Shehzada Khan Halimzai, a SHOORA [consultative council] member who was recently assassinated here at Rahmanabad Chowk on Murree Road. The SSP [expansion unknown] Rawalpindi, Malik Sikandar Shaheen, told PPI here that the accused persons who belong to MARDAN were handed over to the local police through the political agent. The alleged persons, Nasim Ahmed, Parvez, Sher Mohammad and Dilawar Khan are under interrogation by the New Town police, who initially registered the case. The SSP added that it has been fully ascertained, the murder was a result of a tribal enmity between the deceased and another Malik.--PPI [Text] [GF211145 Karachi DAWN in English 18 Aug 82 p 12]

MRS BHUTTO VISITS DAUGHTER--Karachi, 6 Aug (AFP)--Begum Nasrat Bhutto, widow of executed former Pakistani President and Prime Minister Zulfikar Ali Bhutto, was allowed by the martial law authorities yesterday to meet her daughter Benazir, who is held under house arrest in their ancestral home in Larkana, family sources confirmed here today. It was the first meeting

between the two women since Begum Bhutto was hospitalized for treatment of an ulcer in Karachi last month. Begum Bhutto and her daughter are outspoken political opponents of the military regime of President Mohammad Ziaul Haq, which overthrew Prime Minister Bhutto's regime in a bloodless coup in July 1977. They have been in detention since the hijacking in February 1981 of a Pakistani airliner to Kabul by supporters of her father. [Text] [BK070735 Hong Kong AFP in English 0353 GMT 7 Aug 82]

CSO: 4220/293

MINDANAO PAPER URGES PEACE TO PREVENT MARTIAL LAW

HK260313 Davao City PEOPLE'S FORUM in English 10-11 Aug 82 p 2

[Editorial: "Don't Give the President a Chance"]

[Text] When the president lifted martial law, he expressed the hope--which was practically a warning--that we would never have to declare martial law again. From all initial indications, the chief executive appeared bent on his decision not to reimpose military rule unless provoked by circumstances that would justify such reimposition.

This is now the crux of the problem that has been caused by the worsening peace and order situation in some sectors of the Philippines. While opposition is considered necessary in making a nation strong and credible, such opposition should be geared towards peace for all, irrespective of ideological conflicts. One should recognize the fact that the constitution gives the president of the Philippines tremendous powers that can spell the well-being of the country if headed by a compassionate, open-minded leader, but can spell disaster if given to one who considers peace and progress as last priority.

President Marcos has laid down his conditions for reimposition of martial law. Irrespective of one's evaluation of the president as a leader and irrespective of political beliefs, every Filipino should at least agree on one thing: violence must be abhorred in favor of better and more lasting solutions to the country's present-day problems. The president has more than once appealed for sobriety, making it clear at the same time that he cannot--and will not--tolerate loss of lives and loss of national honor through violence; otherwise, redeclaration of martial rule will not be impossible.

It would do well for all at this time to accept the challenge of the president in favor of peace. Filipinos should not give Mr Marcos another chance to declare martial rule. The country has tasted a "smiling" martial law for many years. The smile may no longer be there the next time around. The welfare of the majority should be the common objective of those in power and of those in the legitimate opposition.

CSO: 4220/303

PHILIPPINES

HUMAN RIGHTS GROUP DETAILS ATROCITIES

OW132048 Hong Kong AFP in English 1734 GMT 13 Aug 82

[Report by Mario Baluyot]

[Text] Manila, 13 Aug (AFP)--At least (?157) people were killed in seven [words indistinct] executions by military personnel during the first six months of this year, a Philippine human rights group charged today.

A further 549 civilians were also arrested and detained illegally during the same period while some 217,600 villagers from six provinces were herded off into hamlets as part of the Manila government's anti-insurgency measures, the group, Task Force Detainees of the Philippines (TFDP), said.

The cases were set out in a documented report submitted to the Philippine Council for Human Rights (PCHR) meeting to assess results of fact finding mission that looked into the growing number of atrocities attributed to the military.

TFDP also reported cases of disappearances, strafing of villages and bombings which they claimed were part of the growing militarization of the Philippines since President Ferdinand Marcos declared his eight-year martial law regime in 1972.

The first massacre recorded by TFDP was on January 23, 1982. It cost the lives of five civilians from Labo, Camarines, Norte, some 340 kilometers (215 miles) southeast of Manila.

The second reported massacre had seven women and six suspected communist rebels killed eight days later in Roxas, Zamboanga del Norte in southern Philippines. Twelve people were also reported gunned down February 12 at Dumanigan Township in Zamboanga del Sur while 14 more died May 25 from 16 bombs dropped allegedly by four Philippine military aircraft.

Other massacres reported by TFDP had eight civilians as victims in Hinunangan, southern Leyte, and seven children aged between 3-18 years in Ormoc, Leyte, both in central Philippines.

The seventh case placed five victims of a June 21 military raid in Pulo, Bulacan, just north of Manila. Press reports said the victims were communist rebels who engaged the government troopers in a running gunbattle.

TFDP attributed these growing military "atrocities" to "the worsening socio-economic and political crises" in the Philippines where, it said, those who were vocal about the problems "are maimed and made mute" while those who fight for restoration of basic rights "are called subversives."

The TFDP report debunked the government's claims of moving towards political normalization by citing what it called "grim statistics that showed a country under siege."

CSO: 4220/303

PHILIPPINES

PAPER URGES ALL LEVELS APPLY HUMAN RIGHTS POLICY

HK210307 Manila BULLETIN TODAY in English 19 Aug 82 p 4

[Editorial: "The Olalia Precedent"]

[Text] In the sense that the arrest and detention of labor leader Felixberto Olalia, Sr., can be invoked in the future, the case is a precedent. It is an important case because it involves a well-known labor leader and because it moved the president to strongly reiterate that the "constitutional processes and the human rights of every citizen will be protected by the government and by the president."

The human rights record of the government as reflected by official acts at lower levels has not been unquestioned. In recent weeks torture was alleged by a suspected subversive, Horacio Morales, a former government official. His allegations moved the Supreme Court to appoint a fact-finding commissioner.

The cases of prominent figures who have allegedly run afoul of the law merit public attention. No less important in the final analysis are the cases of the "unknowns" in the provinces who may not have batteries of lawyers to defend them and who on account of their low social standing may be susceptible to abuse. The phrase "every citizen" is more meaningful when applied to these least protected members of our society.

For obvious reasons that message should be clearly understood and applied by the law enforcers in the provinces.

There the local civil and military authorities ought to strive to attain the elaborate procedure in compliance with due process as it is applied in metro Manila on the cases of eminent figures. For the rule of law demands nothing less.

If it is true that there were lapses in the past, the Olalia case ought to mark a point of departure, for the case has brought again to the fore the significance of human rights in our country.

It is clear the administration cannot afford to get bogged down in the morass of rights violations simply because of irresponsibility at the low levels of the bureaucracy.

CSO: 4220/303

FOREIGN INVESTMENT PROBLEMS DISCUSSED

HK210311 Manila BULLETIN TODAY in English 20 Aug 82 p 12

[Text] Enrique Zobel, president of Ayala Corporation, said yesterday that the hesitance of foreign investment in coming to the Philippines was "a question of confidence."

He told the Cebu Business Club in Cebu City: "Chief executive officers of some big foreign corporations who confide in me tell me that it is a question of confidence."

Zobel told Cebu businessmen further: "Big foreign investors need to be convinced that promises will not be broken and rules will not be constantly changed.

"A credibility gap is created, they say, when one government official says one thing and another government official says something else."

The Ayala boss said three principal reasons cited by foreign consultants in government for the low level of foreign investments in this country were: firstly, "inadequate incentives offered by the Philippine Government," secondly, "the uncoordinated efforts by the too many government organizations involved in attracting foreign investors have proved counter-productive" and, thirdly, "excessive red tape at immigration, customs, banking and investment-regulation agencies."

He said further: "The export processing zone system, designed to have an edge over other modes of attracting foreign investments and encouraging exports, has many discouraging factors, according to the president of the Confederation of Philippine Exporters.

"Apart from echoing the foreign consultants' report of inadequate government incentives, our exporters bewail the dismal state of telecommunications facilities and the bad roads leading to and from the Bataan export processing zone. Zobel proposed before the Cebu businessmen the conversion of Mactan Island into a special economic zone like Hong Kong and the five areas in the People's Republic of China, or a tax haven similar to those in the Bahamas or New Hebrides.

He added that Mactan could have its own customs check similar to the Johore (Singapore) setup, and could even issue its own freely convertible currency.

As a result, he explained, Mactan could be a venue for the physical operations of Philippine-based international banking and finance units, with appropriate infrastructure and independent and adequate international communications facilities.

As an added incentive, Mactan may even provide a business registry of convenience for ocean-going vessels and even aircraft.

Clark Field Air Base in Angeles, Pampanga, according to Zobel, "is in essence a special economic zone with the consent and a concession from the Philippine Republic."

Even in Manila, he quipped, foreigners lease land owned by Filipinos for lengthy periods of time--25 to 50 years.

CSO: 4220/303

MANILA PAPER CONSIDERS SUCCESSION BILL

HK230156 Manila BULLETIN TODAY in English 22 Aug 82 p 6

[Editorial: "Succession Bill"]

[Text] Incisive minds have evidently been probing into the constitutional provisions regarding the role of the executive committee as temporary caretaker of the presidency in the event of the death, disability, removal or resignation of the president.

They have, with penetrating logic, concluded that in any of those events, the executive committee cannot:

1. Declare martial law or suspend the privilege of the writ of habeas corpus.
2. Remove or replace any member or appoint any additional member of the committee.
3. Grant any reprieve, commutation or pardon, remit fines or forfeiture in cases involving security of the state.
4. Revise, abrogate or in any manner alter or substitute any project, program or policy of government previously approved. Two of the evils sought to be avoided by these limitations are the spectacle of the committee as a debating society and the abuse by the committee of its powers. These evils might lead to anarchy.

There is that danger in a collective leadership which though temporary has no tradition or experience of collegiality. Such peril does not exist in the scheme of succession provided for under the 1935 constitution. That constitution, provided for a vice president to assume the presidency if something untoward happens to the president.

It may, of course, be argued that under the present constitution the Supreme Court may be asked to exercise its power of judicial review to determine if a certain exercise of power by the executive committee or a part thereof is constitutional. However, if we take into account the ways of power politics court power may be inadequate or may come too late. In any case, there is no better alternative to legislative action that leaves no doubt about the powers of the executive committee, acting in its capacity as caretaker.

RURAL POVERTY REVELATIONS DISCUSSED

HK260121 Manila BULLETIN TODAY in English 25 Aug 82 pp 6, 10

[Article by Arlene Babst: "Businessmen, Journalists and Subversives"]

[Text] The Makati Business Club, composed of the biggest corporations in Makati and organized by one of its biggest businessmen, Enrique Zobel of the Ayala Corporation and the Bank of the Philippine Islands, among others, has compiled what it calls its "issues and prescriptions for 1982," a study of the ills and possible remedies involved in the country's growth and development.

The study grew out of the club's series of round-table conferences with other active groups such as the Philippine Economic Society, the Development Academy of the Philippines, the Asian Institute of Journalism, the National Defense College and the Ministry of Budget and Management.

And the dominant impression that emerged from such meetings, according to the club, is that: The main problem of national development is the growing inability of the Filipino people to participate in the planning of development and to share in its fruits.

The study points out that while the Philippine economy has grown rapidly and continuously for the past three and a half decades--a good performance by world standards, it adds--and while the country has attained middle income status with a national average personal income per household exceeding peso 24,000 per annum or peso 2,000 a month in 1980, the 3.8 per cent growth figure for 1981 and sectoral figures for the same year suffered from comparisons with sectoral growth rates of the 1960s and 70s.

Most importantly, the rising GNP has not reached the mass of the people, almost half of whom live below the poverty line.

In actuality, the families which enjoy the estimated peso 25,000 per capita in 1981 amount to only 30 per cent of all families.

The average income in the top 10 per cent is perhaps 20 times the average income in the bottom 10 per cent.

It is one thing when Jose Diokno recites statistics like these for the world; it is quite another when the biggest capitalists in the country repeat the same thing.

In their discussions on five major areas in Philippine development--poverty, communications, security, political economy and the budgetary process--these businessmen concentrated heavily on rural development.

Again and again in the report, they emphasized that the majority of our people live in the rural areas, and that it is there where the poorest Filipinos (mostly farmers) live, and that it is there where national security is most imperilled, and that therefore it should also be there, and not at the cultural center complex, that the greatest infusion of capital and management training is imperative.

Those familiar with Enrique Zobel's passion for land development and agriculture will wonder if he is not after all just the maverick farmer with the peculiar public image of this big business boss of the Ilustrado family that built Makati, this westernized, capitalist enclave where you find all these multi-nationals, diplomatic representatives of foreign powers (three of which were former colonizers), as well as that upper 10 per cent that has 20 times the average income of the bottom 10 per cent.

Mr. Zobel seems to have a sizeable chunk of the business community sharing his prejudice for agricultural development after all; who would have thought it of Makati?

Now that we know of the Makati businessmen's intense concern with bringing Makati-like progress to the hinterlands of central Luzon, Mactan and Marawi, it is timely to point out that rural development and a more equal distribution of the country's wealth are the very same demands that many a harassed journalist and a suspected subversive have tried to make, only they didn't have the respectability of a Makati businessmen's club.

The club, by the way, on its report's last page, extends some of its respectability to media, by advocating that: "Within the framework of national security, exercising arbitrary authority over the mass media, issuing or withdrawing permits to operate, banning programmes or suspending publications, confiscating papers, books, films, etc., and punishing journalists who do not conform to directives, should be avoided at all costs."

Amen, amen, I say unto you, Mr. Zobel and Co. should one of us also say, welcome to the club?

CSO: 4220/303

OUTFLOW OF LABOR SKILLS NOTED

HK260125 Manila BULLETIN TODAY in English 25 Aug 82 p 6

[Editorial: "Outflow of Skills"]

[Text] If the rate of exportation of skilled manpower continues and is not matched by the training programs, the country will surely run out of skills.

It should be noted that it is easier to export than to train. For training consists not only in imparting basic knowledge but also in experience. That may take years to accomplish.

Probably overseas demand for Philippine skills will continue in the next few years, for as the oil-rich countries in the Middle East completes the construction of their plants they will need people from other countries to man the plants and service equipment.

If the outflow of skills is not restricted, many of our vital plants might run out of highly skilled technicians.

If it is amply shown that such will be the inevitable result, the government can restrict exportation and the legal instrument will be the police power of the state.

It is not difficult to imagine a situation in the near future where the foreign exchange earnings of certain prized technicians will be far outweighed by the losses to the economy caused by their employment abroad.

Probably a dilemma need not arise in particular cases because local employers may be able to approximate the wage scales and the benefits offered overseas.

The gloomy scenario that may give rise to legislation enacted in exercise of the police power may be forestalled by a more vigorous training program in which the government and private business cooperate.

In any case proposed legislation must be backed up not only by complaints of shortage of skills but also by an authoritative study of supply and demand which in turn depends on local business conditions.

AID ASKED FOR DEPRESSED AREA

HK140217 Manila BULLETIN TODAY in English 13 Aug 82 pp 1, 13

[Text] Political leaders of the Samar and Leyte provinces asked the government yesterday to help their constituents, especially those living in depressed areas, in the wake of reports of a rift between the Communist Party of the Philippines (CPP) and the Social Democrats (SOCDEM).

The leaders urged the Ministry of National Defense to protect the people in the affected areas and help them economically by giving them "soft loans" so they can start their own backyard projects.

They also called on military authorities to do civic action work and construct roads and bridges.

"We fear that our constituents might be caught in the crossfire because of the rift between the CPP and the SOCDEM," said the leaders who asked not to be identified.

The rift reportedly developed over the issue of support for the CPP and the underground Social Democrats.

The religious radicals reportedly split into two factions, one supporting the CPP, the other the SOCDEM. Members of the SOCDEM call themselves Reformists, while some leaders of the Communist movement seek to overthrow the government, intelligence reports reaching the Defense Ministry said.

The report said most of the religious radicals belong to the SOCDEM faction.

The rift between the two factions has become acrimonious, according to lay leaders in the Samar-Leyte area.

The reported defection of eight priests to the dissidents reportedly triggered the rift. The military is now checking the activities of the eight priests.

In his visit the other day to Samar and Leyte, Defense Minister Juan Ponce Enrile directed military authorities in the area to check on the revelations of northern Samar Bishop Angel Hobayan that the bishop had lost eight of the 27 priests in his archdiocese to the dissidents.

Meanwhile, a farmer in Abra was shot to death allegedly by the New People's Army under Fr. Conrado Balweg while the victim was plowing his field.

The victim was identified as Amante Bagas, a resident of San Ramon East in Manabo, Abra.

Balweg, a former parish priest of Sallapandan, Abra, and director of the Father Arnaldo High School in the same place, joined the NPA in Kalinga-Apayao when government authorities started looking for him for recruiting cadres for the CPP in his school and parish.

CSO: 4220/303

MANILA BUSINESS PAPER VIEWS STRIKE BAN ISSUE

HK210329 Manila BUSINESS DAY in English 20 Aug 82 p 3

[Text] While the labor minister's authority to issue strike bans, as provided by Batasang Pambansa bills 130 and 227, was primarily intended as a pre-cautionary measure to ensure that strikes do not disrupt vital sectors of the economy, it has become more of the labor minister's sole means of stopping violence at the picket lines.

For example, Labor Minister Bals F. Ople recently issued another strike ban, at the Zamboanga Wood Products, Inc. in Zamboanga City. While Ople, in his certification of the labor dispute as one involving the national interest, pointed out that the firm is in a vital industry since it is an export-oriented firm with exports since 1979 amounting to \$42.1 million, officials of the Ministry of Labor and Employment (MOLE) noted that the incidence of violence as well as the threat of more violence at the picket lines were what really prompted Ople to issue the order.

The fact that the strike dragged on for nearly four months before Ople issued his order lends credence to the MOLE officials' interpretation. Zamboanga City Mayor Cesar Climaco and the firm's management had even wired President Marcos to stop the strike because of the incidence of violence at the picket lines. In his telegram, Climaco claimed that the strike "almost resulted in violence and a massacre when PC [Philippine constabulary] troopers broke the picket line."

Ople's return-to-work orders in several other cases also indicated that the labor minister has utilized his authority to do so not so much on "vital industry" grounds as for the sake of "public order." The return-to-work order against the Ding Velayo Export Corp. strike which had dragged on for seven months was also prompted by reports to the labor minister that both the union and management had adopted hardline stances against each other which would inevitably lead to picket violence. That against Feltman Brothers Corp. was also prompted by reports to Ople that violence was likely because a rival union was threatening to break the picket lines of the union which called the strike. Ople also prohibited a strike at Pepsi-Cola Bottling Corp. two weeks ago after union members were implicated in the killing of a truck driver carrying Pepsi-Cola products.

Clearance: The labor minister's order to issue strike bans has appeared to be the government's sole means of stopping picket line violence now because, according to some MOLE officials' interpretation, President Marcos' directive to the Justice Ministry issued June requiring fiscals to first get a clearance from the MOLE before they could file charges against workers in a labor dispute has "virtually made police authorities helpless in picket lines." This is because fiscals now generally refuse to file charges against workers arrested by the police for allegedly committing violence in the picket lines.

A Labor Ministry official noted that Mr Marcos' order after top-level discussions with Justice Ministry representatives, has appeared to be so vague that it would require important clarification from the Justice Ministry. The official noted that, for example, while it is obvious that the police would have to arrest a striker flagrantly committing violence against management such as by breaking company cars, the wordings of the president's directive, make it appear that fiscals could not even file charges against the workers until the MOLE gives them clearance.

CSO: 4220/303

RESEARCHER VIEWS ECONOMIC PROSPECTS

HK210319 Manila BUSINESS DAY in English 19 Aug 82 p 3

[Text] The Philippine economy is not expected to recover from its growth slowdown until 1984, according to economist Bernardo M. Villegas, senior vice-president of Center for Research and Communication (CRC), who bases this belief on a forecast that the long-awaited upturn in the United States economic performance will be delayed.

Villegas' view contrasts with that of another leading analyst in CRC, Jesus P. Estanislao, vice-president for Industrial Economics, who has observed (BUSINESS DAY, July 22) a bottoming out of the domestic economic recession as of the second quarter. Saying "the worst is past," Estanislao gives weight to the Philippine economy's own "internal dynamics" which will provide the momentum for the recovery even while international conditions may continue to be adverse.

Speaking before the Philippine Automotive Association yesterday, Villegas said the economic "recovery will be delayed and the Philippine market will be soft for the whole of 1983." Even with a recovery predicted for the national economy by 1984, however, there would not be much of an improvement that the country's leading corporations can look forward to, if Villegas is to be believed.

"Big business in the Philippines," he said, "will be in trouble" for the next five years. He explained that "the very same advantages of big businesses in the '60s and the '70s are now their liabilities" such as big overheads and large workforces.

There is "no way (big businesses) can recapture their market in the '60s and '70s," Villegas said. This is because, he pointed out, "there is no hope for coconut" on which the Philippine economy is at present too dependent and the majority of the Filipinos rely for purchasing power. Pursuing the issue, he said, coconut is a relatively insignificant factor in the vegetable oil world market compared to African palm and soybean and "coconut prices will not improve until we can talk of productivity (in coconut) at four tons per hectare instead of the measly one ton per hectare now." However, Villegas thinks "towards the end of the decade, the Philippine economy may not be dependent on coconut anymore."

The weak purchasing power of the Filipinos does not reflect the last of the troubles of big business. Although Villegas points out "high interest rate need not be a deterrent to business growth if you know how to find opportunities." Big business, like small companies, complain over interest rates. Villegas thinks Philippine interest rates will continue to be above 20 percent until 1990.

CSO: 4220/303

MINDANAO PAPER CALLS FOR PROBE OF BOMB BLASTS

HK260303 Davao City PEOPLE'S FORUM in English 5-7 Aug 82 p 2

[Editorial: "Probe Those Bomb Blasts"]

[Text] The bomb blasts that rocked Davao City and the provinces Tuesday night are now the subject of speculations by the citizenry. Some are characterized by intelligent analysis of the occurrence, others by outright emotional outburst, and the rest by plain speculations. Because of the absence of any official result of the investigation now being made on the explosions, many have expressed the fear that the case might develop into fullblown violence to the detriment of an otherwise peaceful citizenry.

The San Pedro cathedral grenade-throwing incident in Davao City last year is still fresh in the minds of many who now think that the incident was one of the worst that ever happened in the city. For the public to be treated anew to another series of bomb explosions or grenade-throwing can only be interpreted by many as the unofficial start of more violent things to come. This is where a thorough probe of the incident becomes necessary. One should remember that a frightened city can only breed submissive citizens, and a submissive people can easily lose the desire to take active role in the progress or development of their community. If only for this reason the government and the private sectors should be able to work hand in hand towards investigating the rash of violence in Davao lately.

The people responsible for the explosions must be identified and investigated. The clamor for such probe is not only the right of a community that seeks protection from the authorities; it is also the duty of the protecting government to come up with satisfactory and credible explanation on the recent bomb or grenade explosions in Davao.

An investigation into the details of the incidents can help soothe an already tense community.

CSO: 4220/303

BRIEFS

ARMY ATTENTION TO ABUSES--A Batasan minority leader expressed yesterday his support to the military for paying more attention to abuses committed upon the people by some irresponsible members of the armed forces (AFP). This policy is welcome in the face of reports of "massive disenchantment among the people towards the government to the extent that segments of the civilian population have been reported turning to subversive elements for justice," minority floor leader Mariano R. Logarta (Pusyon, Bisaya, Central Visayas) said. Logarta, who filed a resolution seeking Batasan support for the shift in policy, said, "The confidence, faith and support of the people are indispensable factors in the stability of government and are a guarantee for lasting conditions of peace and order in the country." In some areas of the country, he said, some people have started to think that "God in heaven and the authorities in Manila are too distant to reach." Logarta asked the Batasan to express the assembly's confidence and full support for the new policy enunciated by Gen. Fabian C. Ver, AFP [Armed Forces of the Philippines] chief of staff. He said the AFP move "is a clear antithesis to repression and a singular contribution to the cause of democracy in the country, without which no government effort can succeed in regaining the people's confidence, faith and support." [Text] [HK240157 Manila BULLETIN TODAY in English 23 Aug 82 p 1]

GOVERNMENT IN CONTROL--Despite the resurgence of bombings in some areas in Mindanao this week, the government is in control of the situation. This was the assessment Monday of Maj. Gen Delfin Castro, commander of the Unified Southern Command (SOUTHCOM) of the Armed Forces of the Philippines. Castro, who was joined here by Brig. Gen. Jose P. Magno, Jr., commander of the Central Mindanao Command (CEMCOM), was briefed by Brig Gen Pedrito de Guzman, P.C. [Philippine Constabulary Recon Reconnaissance Command] XI commander, on the peace and order situation in southeastern Mindanao following the grenade bombings in Digos, Davao Del Sur; Tagum, Davao Del Norte, and Davao City on August 3. SOUTHCOM is based in Zamboanga City, while CEMCOM is in Awang, Cotabato City. Castro said the terrorists were apparently out to sow terror on the civilian populace. Perhaps, he added, the forthcoming Islamic conference has something to do with the recurrent bombings "wherein the terrorists seemingly want to impress their Middle East supporters."

He said that many times the military had proven its capability to defend the citizenry against the depredations of terrorists. He said that development and progress in Mindanao can be achieved only in an atmosphere of peace. The SOUTHCOM chief said there are many development plans by the government for Mindanao, but they are hampered by the unstable peace and order situation in some areas, he added. [Text] [HK260301 Davao City THE MINDANAO DAILY MIRROR in English 11 Aug 82 pp 1, 6]

COMMUNIST LEADER BREAKS JAIL--Jose Luneta, the secretary general of the Communist Party of the Philippines, has escaped from detention from Camp Bagundiwa in Metro Manila. He broke jail last Wednesday, but the escape was revealed only when he failed to appear at the hearing of the charges of subversion and gun-running yesterday before the military commission No 2. Luneta was the number two man in the Communist Party hierarchy, next to Jose Maria Sison. Philippine Constabulary authorities at Camp Crame refused to confirm or deny the reported escape of the number two communist in the country. Camp Bagundiwa Commander Brig. Gen. (Edgardo Alpaveto) was not available for comment on the reported escape of Luneta. [Text] [HK210051 Manila Far East Broadcasting Company in English 2330 GMT 20 Aug 82]

HOTEL SECURITY--Hotel security in Metro Manila is being tightened against the threat of an upsurge of urban terrorism next month. Chiefs of hotel security forces met yesterday and drew up stricter measures to protect hotel guests in the metropolis. (Renaldo Dumaz), the president of the Association of Hotel Security Officers of the Philippines, said the safeguards include meticulous searches of guests for guns and explosives, and the setting up of checkpoints at hotel entrances. The measures were drafted at a meeting of hotel security authorities and police officials in Makati yesterday. The police agreed with the move, but cautioned against causing undue panic among hotel guests in case of bomb threats and discoveries of explosives. The security moves were taken following the discovery of a subversive plot to unleash terrorism, assassinations, and nationwide strikes to disrupt the economy and the nation. [Text] [HK240100 Manila Far East Broadcasting Company in English 2330 GMT 23 Aug 82]

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No. 1186

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3 September 1982

SOUTH AND EAST ASIA REPORT

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BRIEFS

AID TO PAPUA NEW GUINEA--Australia has agreed to take an early look at the amount of aid it is giving to Papua New Guinea. Papua New Guinea's prime minister, Mr Somare, spent nearly an hour in talks with the Australian prime minister, Mr Fraser, and the foreign minister, Mr Street, at Federal Parliament in Canberra this afternoon. Sources in the Department of Foreign Affairs say Mr Fraser agreed to tell Mr Somare next month when the Australian Government will review its aid program to Papua New Guinea. The sources say it is likely the review, scheduled to be held early in 1984, will be held early next year. A spokesman for the foreign minister's office in Canberra says Mr Somare told Mr Street he will attend the regional meeting of commonwealth heads of government in Fiji in October. [Text] [BK250915 Melbourne Overseas Service in English 0830 GMT 25 Aug 82]

HIGH COMMISSIONER TO KIRIBATI--The Federal Government has announced the appointment of Mr (John Marney) as Australian high commissioner to Kiribati. Mr (Marney), aged 46, was educated in Canberra and joined the public service in 1955. He has held appointments with the Department of Foreign Affairs in Bangkok, Moscow, Kuala Lumpur, Port Moresby and Tokyo. He will be the first Australian high commissioner to be resident in Tarawa. [Text] [BK141425 Melbourne Overseas Service in English 0830 GMT 8 Aug 82 BK]

DROUGHT WARNING--Prime Minister Fraser has said Australia could be facing the worst drought for many decades. Fraser told Federal Parliament the omens were very bad indeed. The weather pattern is offering no relief over a large part of the nation. The Labor Party spokesman on primary industry, Kerin, described the government's response to the drought as totally inadequate. He said an extra \$2 million allocation for drought relief in the federal budget worked out at only about \$20 for every drought affected farmer. Meanwhile in Sydney, New South Wales Premier Wran has said it is time the federal government faced up to the fact that the drought is a national disaster. Wran said the drought now in its 4th year was crippling the rural economy. He said that in some parts of New South Wales, crops could not even be sown while rural workers who depended on good harvests and abundant stocks would not be able to feed their families unless urgent arrangements were made for unemployment relief. [Text] [BK191209 Melbourne Overseas Service in English 0830 GMT 19 Aug 82]

OFFICIALS HOLD TALKS--Papua New Guinea's prime minister, Mr Somare, is to hold informal talks in Sydney later this month with the Australian prime minister, Mr Fraser. Mr Somare is expected to ask Mr Fraser for more economic aid for Papua New Guinea which will involve reversing a trend for Australia to provide less help. The newly-elected Papua New Guinea prime minister last week told Papua New Guineans that they would have to live more economically to help the country out of the current economic difficulties. Mr Somare said that with the falling prices for its exports, Papua New Guinea was not able to manage on its own. He said his government would maintain the request made by the previous government of Sir Julius Chan for extra Australian aid which now provides about one-third of Papua New Guinea's budget. [Text] [BK120928 Melbourne Overseas Service in English 0830 GMT 12 Aug 82]

CSO: 4220/303

INDIA

TECNOMIT SIGNS CONTRACT WITH INDIA

Rome L'HUMANITA in Italian 10 Aug 82 p 2

[Text] Tecnomit, the engineering division of Montedison will provide technology, planning services and technical assistance to the Indian company FACT (Fertilizers and Chemicals Travancore) for an effluent treatment plant to be constructed in Cochin, Kerala State. The ecological unit will reduce to the lowest level the ammoniae and related materials coming from waters discharged by the local urea plant and will recycle the recovered products for productive purposes. FACT is one of the Indian fertilizer producing companies for which Tecnomit has in the past supplied processes, engineering and machinery for the construction of 9 ammoniae production plants and 11 urea production plants. The two FACT units located in Cochin have been in operation since 1973 and produce daily 600 tons of ammoniae and 1,000 tons of urea.

CSO: 4728/7

DEFENSE MINISTER ON OFFICIAL VISIT TO WASHINGTON

Minister Meets President Reagan

Jakarta KOMPAS in Indonesian 28 Jul 82 pp 1, 12

[Excerpts] Washington, KOMPAS--Minister of Defense Gen M Jusuf, during the first meeting of his official visit to the United States, discussed a number of questions in the defense field, both involving general matters as well as those concerning bilateral relations between Indonesia and the United States.

In his meeting with President Ronald Reagan at the White House, he reviewed matters concerning developments in several important areas of the world at the present time. Among those areas discussed were the Middle East, Kampuchea, and Afghanistan.

"We obtained President Reagan's views on several areas of the world, which we will present to President Soeharto after we have returned home," said General Jusuf to Threes Nio, a KOMPAS reporter, in Washington on Monday [27 July]. However, he was not prepared to say precisely what President Reagan had said. He only stated that President Reagan is paying close attention to developments in Southeast Asia and that he was happy that relations between Indonesia and the United States were going along well. At the meeting President Reagan received a personal letter from President Soeharto and also expressed the hope that the president of Indonesia could visit the United States next October.

General Jusuf, who was very satisfied with the meeting, pictured President Reagan as a cordial, sincere, and happy person, with a smiling face, who seemed "younger than his years." Although not in the original plan, the meeting with President Reagan also was attended by Vice President George Bush, Secretary of Defense Caspar W Weinberger, and Presidential Adviser for National Defense William Clark.

On this occasion Vice President George Bush expressed his hope that he would be able to visit Indonesia in the not too distant future. Meanwhile, Secretary of State George Shultz, who on Monday [27 July] was away from Washington, had a separate meeting with the Minister of Defense and Security Jusuf on Tuesday [28 July].

Questions which were discussed with President Reagan were later reviewed more fully in a private meeting with Secretary of Defense Caspar Weinberger and at an official meeting of the delegations of the two countries.

Regarding developments in various parts of the world, General Jusuf emphasized the importance of a resolution of the Kampuchean question for the peace of Southeast Asia. He expressed the view that the United States, because of its relations with the People's Republic of China, the Soviet Union, and Vietnam, still has a great opportunity to play a role in the Kampuchean question.

He said that the United States also had a key role to play in the Middle Eastern question, even though he admitted that the Middle Eastern question was very complicated. General Jusuf and his party were provided with a briefing on the latest developments in Afghanistan. He hoped that the question of Afghanistan would be resolved as well as possible, in order to reduce the sufferings of the Afghani people.

Regarding bilateral relations, there was a discussion about the equipment needed for continuing the consolidation of the Indonesian Armed Forces, including the Army, the Navy, and the Air Force. In this connection General Jusuf felt the United States had many opportunities in this area, and the discussions which were undertaken by an Indonesian team some time ago will be continued.

In the discussion on bilateral relations the question of training of officers of the Indonesian Armed Forces was emphasized. He said that the Indonesian Armed Forces are now busily engaged in making a major change in the military training system, regarding both combat units as well as the creation of reserve units. He thinks that in military training institutions in the United States there are many points of comparison which can be usefully employed in Indonesia. The minister of defense and security obtained a positive impression that the U S side was willing to help. "Indeed, there are many questions which must be discussed in Congress, but we understand the problem," said General Jusuf.

Both the meeting with Secretary of Defense Caspar Weinberger and the meeting between the two delegations took place, according to the minister of defense and security, "in a good atmosphere and successfully." He pictured Secretary Weinberger himself as a "very realistic" person.

The Indonesian delegation at the meeting at the Pentagon consisted of Minister of Defense and Security M Jusuf; Charge d'Affaires Dr S Wiryono; Army Chief of Staff General Poniman; Air Force Chief of Staff Marshal Ashadi Tjahjadi; Commander of the National Strategic Command Air Marshal Sukardi; Ministry of Defense and Security Assistant for Intelligence Lt Gen Benny Moerdani; the assistant for logistics in the Ministry of Defense and Security and assistant for plans in the office of the Army chief of staff, Major General Supardjo; the commander of the Indonesian Fleet, Rear Admiral Kasenda; and the defense attache in the Indonesian Embassy in Washington, Col (Navy) E Tumengkol.

On the U S side in attendance at the meeting were Secretary of Defense Caspar Weinberger; Deputy Secretary of Defense Frank Carlucci; Assistant Secretary of Defense Fred Ikle; Assistant Secretary of State for East Asian and Pacific Affairs John Holdridge; Deputy Assistant Secretary of Defense Dr Wade; Assistant Secretary of Defense West; Deputy Assistant Secretary of Defense for East Asian and Pacific Affairs Richard Armitage; Childress, a member of the National Security Council; the military assistant of the secretary of defense, Major General Smith; and the defense attache at the United States Embassy in Jakarta, Colonel Kizirian.

Apart from the official meeting between the two delegations, members of the Indonesian party also held private meetings. Air Force Chief of Staff Marshal Ashadi Tjahjadi, for example, met with the chief of staff of the U.S. Air Force, General Robert C Mathis. The assistant for intelligence in the Ministry of Defense and Security, Lt Gen Benny Moerdani, met with the director of the Defense Intelligence Agency, Lt Gen James Williams. Rear Admiral Kasenda met with the director of the Navy Oceanographic Office, Vice Admiral John B Mooney, and Vice Admiral Samuel H Packer of the Plans, Policy, and Operations Section of the Pentagon.

The visit of Minister of Defense and Security Jusuf to the Pentagon was accompanied by a major military ceremony, which was held at the River Entrance of the Pentagon. Whereas ordinary Indonesians are known to follow a system of "rubber time" (i e, do not always arrive on time), this time the term had to refer to the hosts. General Jusuf, who arrived precisely on time, had to wait 2 minutes before Secretary Weinberger came down from his office.

Minister of Defense and Security Jusuf told a KOMPAS representative that there had been a major increase in the level of Indonesian-United States cooperation in the defense field. Whereas during the administration of President Carter military assistance from the U.S. seemed to be declining, since last year this assistance reflects a substantial increase.

What is usually called "military assistance" from the U.S. consists of credits for the purchase of military equipment and help in the form of grants. Purchase credits, which are called "Foreign Military Sales" (FMS), are loans on which interest is charged. Although the interest rate is still below commercial bank rates, this kind of credit cannot be called a soft loan. On the other hand, what is called the "Military Assistance Program" (MAP) and "International Military Education and Training" (IMET) is aid in grant form which does not need to be repaid. Whereas MAP (which was abolished in 1978) had the objective of helping the armed forces of a country which was at a rather low stage of development, IMET has the objective of helping the training of members of the armed forces of foreign countries.

In this connection Indonesia has received both FMS, MAP (until 1978), and IMET assistance. From available statistics it appears that the total military aid from the United States during the "New Order" period [since the replacement of President Soekarno] reached a high point in 1978. In that year FMS totaled \$40 million; MAP totaled \$15.3 million; and IMET, \$2 million. However, in the following years (that is, during the period of the Carter administration)

this total declined. In 1979, for example, total aid was only \$34 million (\$32 million for FMS and \$2 for IMET). And in 1980 the aid reached its lowest point, \$31.65 million (\$30 million for FMS and \$1.65 million for IMET).

It was only in 1982 that the aid again showed an increase, with \$40 million for FMS and \$2.2 million for IMET. According to present plans for 1983, there will be \$50 million for FMS and \$2.625 million for IMET.

Apart from the increased figures referred to above, cooperation between the two countries seems to be increasing. Two weeks ago, for example, in the course of the visit of Minister of State for Research and Technology Habibie it was agreed that there would be cooperation in the field of defense technology and industry.

General Jusuf believes that this increase in cooperation has resulted from an increase in the number of visits by high-ranking U.S. officials to Indonesia. Besides that, Indonesia has made a greater effort to clarify our problems.

Answering a question whether the increase in the level of relations means that Indonesia is considered important from the point of view of U.S. defense, General Jusuf said that both President Reagan and Secretary of Defense Caspar Weinberger appear to pay close attention to developments in Southeast Asia. "In the interest of world peace, including peace in Southeast Asia in particular and in Asia as a whole, I think that the role of Indonesia, with its very strategic location, has received a great deal of attention, and its usefulness is very great," he said.

Briefing on USSR, China

Jakarta KOMPAS in Indonesian 29 Jul 82 pp 1, 12

[Text] Washington, KOMPAS--The situation in the Middle East and developments in the power of the Soviet Union and the People's Republic of China in Southeast Asia were two major questions which were discussed during the second day of the visit of the minister of defense and commander of the Indonesian Armed Forces, General M Jusuf, to the United States.

Reliable sources state that General Jusuf expressed both to U S Secretary of Defense Caspar Weinberger and to Secretary of State George Shultz Indonesia's concern about the situation in the Middle East. As a country, most of whose population are Muslims, Indonesia cannot let the situation in the Middle East drag on endlessly. Therefore, Indonesia urged the U.S. government to seek a way to resolve the Middle Eastern question as quickly as possible.

General Jusuf himself, in his conversation with KOMPAS correspondent Threes Nio in Washington, admitted that the Middle Eastern question is very complicated. High-ranking American officials told General Jusuf that the U.S. Government is trying very hard to find such a solution, and the special envoy of President Reagan, Philip C. Habib, at present is still actively engaged in the

Middle East, seeking a place of refuge for troops of the PLO, the Palestine Liberation Organization.

The other question which attracted major attention was developments involving the power of the People's Republic of China and the Soviet Union--particularly the Soviet fleet--in the Southeast Asian area. This question was reviewed, both in a meeting with high-ranking officials of the Department of Defense on Monday [27 July] as well as in a meeting with the chairman of the Joint Chiefs of Staff, General John Vessey, on Tuesday [28 July].

Indeed, time was specially set aside for a briefing at the Defense Intelligence Agency and an exchange of views on "the Soviet Union and PRC threat: presence and activity in Southeast Asia."

Discussion of this question will also be continued in Honolulu during the meeting with the commander in chief, Pacific, Admiral Robert Long.

The minister of defense and security emphasized to KOMPAS the importance of Indonesia's continuing to follow closely all developments affecting the forces of the two countries referred to. The minister considers that the threat presented by the Soviet Union and the PRC at present is "of equal importance." "It depends on our own problems and how far they go to consolidate themselves. For both the PRC and the Soviet Union at present are still encountering great economic difficulties," General Jusuf said.

However, General Jusuf also pointed out that, like the U.S., Indonesia must also pay close attention to the growth of the power of the Soviet Union, particularly in terms of the developments of its fleet. "We have an interest in many matters, because we have areas like the Straits of Malacca and the waters to the North of the Natuna Archipelago, through which the Soviet Fleet is always passing," he said.

For that reason General Jusuf regards his meeting with Admiral Robert Long in Honolulu as very important. This is particularly because the area of responsibility on CINCPAC covers all of these important ocean areas, such as the South China Sea and the Indian Ocean.

Apart from the Middle East question the problem of Kampuchea was also reviewed with Secretary of State George Shultz. According to reliable sources, on this occasion General Jusuf urged the U.S. Government to continue its support for ASEAN in its efforts to find a solution in this region. Both countries hope that the next General Assembly of the United Nations will show a positive attitude and that the seat of Democratic Kampuchea can be maintained.

The meeting between the minister of defense and security and the new U.S. secretary of state was not the first time they met. Previously, as minister of industry, General Jusuf had met twice with George Shultz who, as president of the Bechtel Corporation, had visited Jakarta.

The minister of defense and security felt that his half-hour meeting with the new U.S. secretary of state was very important. This was especially the case

in terms of exchanging views and providing information on Indonesia. "In this way we would hear the views of the minister of defense in these terms and the secretary of state in those terms. Thus, we were able to get a complete picture. It was also important for us to provide him with information on Indonesia so that, as secretary of state, he would then be able to understand our situation," General Jusuf said. However, he also stated that the meeting was held at the request of the U.S. side.

Receives the Legion of Merit

Before meeting with Secretary of State George Shultz, Minister of Defense and Security Jusuf was received by the chairman of the Joint Chiefs of Staff, General John Vessey. In this meeting, which was also attended by Indonesian Army Chief of Staff General Poniman and Indonesian Air Force Chief of Staff Marshal Ashadi Tjahjadi, defense problems were discussed from the technical military point of view, both those involving bilateral relations between the two countries and those involving world security in general.

On this occasion General Jusuf received the "Legion of Merit" medal, the highest U.S. decoration [as published]. And as on the first day the program at the Pentagon on Tuesday [28 July] closed with a luncheon given by General John Vessey to the minister of defense and security and the official party.

During his 2-day visit to Washington General Jusuf was also able to hold unofficial meetings with two former U.S. ambassadors who had served in Indonesia, Marshall Green and David Newsom. "These are all old friends. I was only unable to see Ambassador Masters because he wasn't here, since he is in Singapore," said General Jusuf. He was referring to former Ambassador Edward Masters, whose replacement in Jakarta has not yet been appointed.

General Jusuf also had an informal meeting on his last night in Washington with the Indonesian community in Washington and vicinity. On that occasion General Jusuf discussed the situation in Indonesia, particularly in connection with defense and security matters. He also described problems affecting the Ministry of Defense and Security which are presently attracting his attention, as well as plans for improvements and development of the armed forces in the future.

Departs for Hawaii

On Wednesday morning [29 July] the minister of defense and security and his party left Washington. They left from Andrews Air Force Base. From there, in a PELITA [Five-Year Development Program] Boeing 707 aircraft the minister and his party flew to Travis Air Force Base (San Francisco) and then direct to Hickam Air Force Base in Hawaii.

As was the case in Washington, here also the minister of defense and security was welcomed in a military ceremony. For 2 days he was the guest of CINCPAC, Admiral Robert Long. Minister of Defense and Security General Jusuf had a crowded schedule. Apart from his discussions with Admiral Long, the minister

also attended an overall briefing on the security situation in the Pacific, particularly in connection with the activity of the Soviet Fleet in the area. He also visited several places he considered important, such as the First Marine Brigade at Kaneohe, the Pacific Fleet at Pearl Harbor, and the 25th Infantry Division at Schofield Barracks.

On Friday morning [31 July] local time Minister of Defense and Security General M Jusuf and his party will leave Hawaii enroute to Guam and then directly back to Jakarta.

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CSO: 4213/74

MINISTER SIGNS INDUSTRIAL AGREEMENTS

Defense Industry Cooperation

Jakarta MERDEKA in Indonesian 27 Jul 82 p 10

[Excerpt] Washington, Monday [July 27]--In order to promote the independence of the Indonesian economy, Minister of State for Research and Technology B J Habibie recently visited several companies throughout the United States to reach agreement on developing a firmer industrial foundation in Indonesia.

Although the main objective of his visit was directed toward the private sector, he spent 3 days in Washington, talking to officials of the Departments of State, Commerce, and Defense. At the Pentagon he signed three agreements regarding defense industry cooperation with the United States Army, Navy, and Air Force. The agreements, according to officials of the Department of State, "are only in the form of general understandings, without mentioning special technology. Minister Habibie did not intend to purchase any specific quantity of goods."

The principal target of the Habibie visit concerned the technology of flight and oceanography. On 2 July he signed an agreement with the Boeing Company in Seattle to help Indonesia develop its capacity to manufacture hydrofoils and certain kinds of aircraft.

Habibie visited facilities at Northrop, General Dynamics, and Bell Helicopter, but he did not sign any agreements with these companies.

Peter Dakan, a Boeing spokesman, said that since last year Indonesia has been considering using the Boeing jetfoil boat for a number of military and commercial applications. "After Indonesia has bought three or four of the boats, we will begin to turn over to Indonesia, in a phased way, the manufacture of a number of jetfoil components," said Dakan. He added that another consequence of the agreement would be to make it possible for Indonesia to develop its capacity to manufacture certain Boeing components, so that they will be able to establish themselves as subcontractors on the world market.

The Indonesian airline, Garuda, at present is operating six Boeing 747 aircraft, Dakan said. The Indonesian government recently bought three Boeing 737 aircraft for ocean patrol purposes.

Components for Boeing

Jakarta HARI 1 UMUM AB in Indonesian 27 Jul 82 p 8

[Text] Jakarta, HARIAN UMUM AB--The P T Nurtanio aircraft factory, beginning in 1987, will have an opportunity to manufacture components for Boeing aircraft, based on a cooperative program signed recently with the American aircraft manufacturer. This was stated in a report received by the Community Relations Section of the BPPT (Technology Development Body) on Monday [27 July].

The cooperation agreement was signed in Seattle in the United States by the minister for research and development, Prof B J Habibie, and the Boeing Company. It provides that, beginning in 1987, P T Nurtanio will be given the right to take part in tenders and to receive orders to manufacture components for Boeing aircraft.

Prof Habibie, who is also president and director of P T Nurtanio, stated that this cooperation is an honor for Nurtanio, which has gained the confidence of a large company like Boeing. The Boeing Company does not produce the entire structure of their aircraft but rather it specializes in the manufacture of the cockpit and wings, while the manufacture of the fuselage, wheels, and so forth is turned over to other aircraft manufacturing companies in the world.

The receipt of an order from Boeing will facilitate P T Nurtanio's efforts to expand its working program in the field of the manufacture of aircraft components, Prof Habibie said.

Another agreement signed by Minister for Research and Technology Prof Habibie which involves cooperation between P T PAL Surabaya [Surabaya Naval Base Company] and the Boeing Marine Division concerns plans for the manufacture of jetfoil ships. This will be of great significance for maritime communications in Indonesia, 70 percent of whose territory consists of sea area.

According to Prof Hababie, at present there is under study the construction of jetfoil ships of 150 tons with a speed of 55 knots. When its production reaches the proper point, P T PAL Surabaya will later be able to build these ships for use in equipping the coastal defense system in Indonesia.

During his visit to the United States in July the minister of state for research and technology and his party undertook extended conversations with the directors of American multinational companies like Boeing, General Dynamics, Northrop, Combustion Engineering, IBM, and a number of oil companies as well as research centers in various places in that country.

In the minister's party, among others, were assistant minister Prof Dr Sukadji Ranuwihardjo; assistant minister Prof M T Zen; former rector of the Bandung Technological Institute, Prof John Sapi'ie; the director of organization and systems analysis of the BPPT, Dr Wardiman Djojonegoro; and the director of development technology, Dr Harsono Pusponogoro. Also members of the party were a number of senior officers of the Indonesian Armed Forces, including the

chief of staff of the Ministry of Defense and Security, Lt Gen Yogi Supardi; the secretary for defense industry of the Ministry of Defense and Security, Rear Admiral Kun Djelani; Major General Suryaputera of PINDAD [Army Industrial Directorate], and a senior director of P T Nurtanio, Air Commodore Yuwono.

Before returning home in the middle of August the minister of state for research and technology will make a visit to the Federal Republic of Germany, according to the Community Relations Section of BPPT.

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CSO: 4213/74

SHARP DECLINE RECORDED IN VALUE OF EXPORTS

Commodities Report

Jakarta HARIAN UMUM AB in Indonesian 13 Jul 82 p 3

[Excerpts] Jakarta, HARIAN UMUM AB--The level of Indonesian exports not including oil and Liquefied Natural Gas (LNG) during the 5 month period from January to May, 1982, fell by 41.18 percent compared to the previous 5 months (August through December, 1981). Compared with the first 5 months of 1981 (January through May), Indonesian non-oil and gas exports declined around 47.28 percent, according to preliminary data obtained by the NATARA News Agency from the Bank Indonesia.

Indonesian non-oil and gas exports during the last 5 months of 1981 totaled \$1.707 billion, whereas in the first 5 months of 1982 they amounted to \$1.004 billion, a decline of \$703 million (41.18 percent). Non-oil and gas exports during the first 5 months of 1981 totaled \$1.905 billion. During the same period of 1982 they amounted to \$1.004 billion, a decline of \$901 million (47.28 percent).

Indonesian non-oil and gas exports during the first 5 months of 1982 consisted of timber products, including sawn lumber; rubber; coffee; palm oil; tea; tobacco; tapioca; rattan; pepper; copra; handicraft items; cement; and shrimp. There were almost no exports of copper, nickel, fertilizer, and electronic equipment. Among the most significant non-oil and gas commodities exported were timber products, including sawn lumber, worth \$249.1 million; tin, valued at \$175.73 million; rubber, worth \$147.73 million; handicraft items, \$133.99 million; and rattan, \$80.97 million. The export items of least value included fertilizer, valued at \$754,000; palm oil seeds, worth \$864,000; cement, worth \$2.012 million; and electronic equipment, worth \$5.8 million.

Most of these Indonesian export commodities were exported to the countries that are members of the European Economic Community (EEC), the Middle East, Japan, South Korea, and Malaysia.

Oil and Natural Gas

Jakarta MERDEKA in Indonesian 14 Jul 82 p 10

[Text] Jakarta, Tuesday [14 July]--The level of exports of Indonesian crude oil and other oil products in the first 5 months (January through May) of 1982

[Text] Jakarta, Tuesday [14 July]--The level of exports of Indonesian crude oil and other oil products in the first 5 months (January through May) of 1982 fell by 38.36 percent, compared with exports of these commodities in the previous 5 months (August through December, 1981). During the first 5 months of 1981 (January through May) there was also a decline in oil exports of about 36.08 percent, according to provisional data obtained by the NATARA News Agency from the Bank Indonesia.

The level of Indonesian crude oil and other petroleum product exports during the last 5 months of 1981 totaled \$6.496 billion, whereas in the first 5 months of 1982 they amounted to \$4.004 billion, a decline of \$2.492 billion or 38.36 percent.

Exports of crude oil during the first 5 months of 1982 originating from the state-owned oil company, Pertamina, amounted to \$2.102 billion, obtained from the production of foreign oil firms, of which \$1.412 billion came from contracts of work and \$490.928 million came from production sharing contracts.

Indonesian exports of crude oil and other products during the first 5 months of 1981 amounted to \$6.264 billion, whereas during the first 5 months of 1982 these exports totaled \$4.044 billion, amounting to a decline of \$2.260 billion or 36.38 percent.

Meanwhile, exports of Liquefied Natural Gas (LNG) from Indonesia in the first 5 months of 1982, according to provisional statistics from the Bank Indonesia, also reflected a decline of about 41.17 percent, compared with the last 5 months of 1981. Compared with the first 5 months of 1981 LNG exports also experienced a decline of about 47.28 percent.

Indonesian LNG exports during the last 5 months of 1981 totaled \$1.707 billion compared to \$1.004 billion during the first 5 months of 1982, a decline of \$703 million or 41.17 percent.

Indonesian LNG exports during the first 5 months of 1982 amounted to \$542.657 million from the Badak field and \$568.747 million from the Arun field.

Exports of Indonesian LNG during the first 5 months of 1981 amounted to \$1.905 billion, while LNG exports during the first 5 months of 1982 totaled \$1.004 billion or a decline of \$900 million or 47.28 percent.

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CSO: 4213/73

MORE FOLLOWERS OF HASAN TIRO CAPTURED

'Adviser to Governor of Peurelak' Captured

Jakarta KOMPAS in Indonesian 3 Jul 82 p 9

[Excerpts] Medan, ANTARA--The Aceh Special Branch Office has again succeeded in capturing a leader of the Hasan Tiro Movement (GHT), Tengku Salim bin Malik (62 years old), who called himself an "Advisor to the Governor of the Peurelak District," a few days ago in Alur Dua Village, Peurelak District, in Aceh Timur Regency.

On the same day, 28 June 1982, another member of the GHT group, Imam Ali Piah, came in to surrender at a post of Task Group "B" of the Aceh Special Branch Office in the Peurelak District. He identified himself as a bodyguard of Yasin Ali, "Commander of Region IV." Yasin Ali was also captured last week. Imam Ali came in wearing the GHT uniform.

The capture of Tengku Salim bin Malik was a success for Task Group "B", the special unit formed by the Aceh Special Branch Office to suppress the GHT remnants in Aceh Timur Regency last April. Prior to this the unit had captured Idris Ahmad, "Governor of the GHT Peurelak District," together with two of his followers. After the capture of Idris Ahmad in May, 1982, Tengku Salim promoted himself to be "Governor of the Peurelak District," replacing Idris Ahmad.

Two Task Groups

Jakarta MERDEKA in Indonesian 9 Jul 82 pp 1, 2

[Excerpts] Banda Aceh, Thursday [9 July]--On Tuesday, 7 July, Tengku Rahman Batee Puteh, who called himself commander of Simpang Ulim region and was also the chief of customary law in the GHT Peurelak District, was captured. The capture of Rahman Batee Puteh was the fourth success registered by Task Group "B", which is led by Maj (Infantry) Jahdi Husin.

Previously, on 21 May 1982 the Task Group succeeded in capturing alive Idris Mahmud (39 years old), who called himself governor of the GHT Peurelak District, together with three of his followers, who were respectively called Jailani (27 years old), Said Hasan (24 years old), and Marzuki (26 years old).

Seized with them were two weapons and 130 round of ammunition, a typewriter, wornout clothing, three blue berets, a number of documents, and medicines.

Later, on 25 June 1982 the Task Group of the Aceh Special Branch Office registered another success, capturing alive Yasin Ali, who admitted he was commander of Region I of the GHT group. Seized with him was one firearm.

The following capture took place on 28 June 1982, involving Tengku Salim, adviser and governor of the GHT Peurelak District.

According to the Aceh Special Branch Office, in order to wipe out the GHT in Aceh completely, two Task Groups were formed. Task Group "A" on 15 April 1982 succeeded in shooting and killing Ilyas Lebee, who called himself minister of justice; Idris Ahmad, governor of the Batee District; and Yacop Piah, a GHT logistics soldier. When they were initially attacked by the Indonesian Armed Forces unit they were at first able to resist and to run away. In Ilyas Lebee's hiding place were found a number of GHT documents in a dilapidated lean-to, surrounded by two and one-half hectares planted to marijuana.

Four Leaders Sought

Jakarta KOMPAS in Indonesian 12 Jul 82 p 12

[Excerpt] Banda Aceh, KOMPAS--According to information available to the Aceh Special Branch Office, there are four other GHT leaders who are still being sought. They are: Hasan Tiro, who calls himself "Chief of State of Free Aceh;" Dr Husaini Abdullah, "Minister of the Interior of Free Aceh;" Dr Zaini, "Minister of Health;" and Daud Paneuh, "Commander of the Armed Forces of Free Aceh." However, according to the Special Branch Office, these four leaders and their followers are under increasing pressure, since the people of the area are joining in the effort to wipe out the Hasan Tiro Movement.

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CSO: 4213/73

'KOMPAS' VIEWS SOMARE'S COMEBACK IN PNG

BK131425 Jakarta KOMPAS in Indonesian 6 Aug 82 p 4

[Editorial: "The Return of the Somare Government"]

[Text] Michael Somare has returned as prime minister of Papua New Guinea. He replaced Sir Julius Chan following his victory in the general elections held in June.

In this country of 2.6 million people, political life is marked by tribal loyalty and rivalry. Sir Julius Chan, an economist, was deputy prime minister in the first Somare government. He withdrew from the government, joined another party and succeeded in toppling Prime Minister Somare through a no confidence motion in parliament. Julius Chan's coalition parties were defeated by the Pangu Party led by Somare in the June general elections.

Michael Somare is not merely the prime minister but was one of the prominent leaders of Papua New Guinea's independence struggle and his image as a national leader is the strongest among them.

As a newly emerging nation with a tribal background, Papua New Guinea is faced with two basic tasks simultaneously, that is, to develop an integrated nation and identity while building socioeconomic infrastructures.

In view of their background, the Somare-Julius Chan combination could serve as cooperating leaders to meet these requirements, but as in many other countries this ideal combination cannot be realized. Now Julius Chan is on the opposition benches. Nevertheless as the mover for national integration and identity, Somare's image is stronger. The phase for developing national integration and identity also requires special attention.

Indonesia is interested in the stable development of Papua New Guinea which shares a border with Irian Jaya. Prime Minister Somare and the other leaders are aware that a good neighborly relationship with Indonesia is the strategic key for regional stability to create a climate conducive to national development.

The two countries have developed good relations through realization of the charter of cooperation and through an exchange of visits between leaders and officials. The good relationship between the two countries has repeatedly been disturbed by border issues and border traffic. Elements in Irian Jaya who still do not wish to be integrated into the Indonesian nation have sometimes fled to Papua New Guinea.

There is an agreement between the two sides on how to deal with these problems. There have been misunderstandings on several occasions because of press reports, but these have not shaken the foundations of the good relations and good will of the two sides.

Apart from the border issue, Indonesia provides broad opportunities for cooperation with Papua New Guinea in various sectors, such as agriculture and education. Indonesia is the natural mainstay for Papua New Guinea in its efforts to strengthen and foster its place in the Asian region.

Prime Minister Somare probably is more aware and sensitive to these problems. Therefore, he will seek the best solution to any border issue. And should there be another border issue, it is clear that this will not be permitted to affect the growing strength of the relations and cooperation based on good neighborliness.

CSO: 4213/500

ACTIONS IN E. JAVA TO BE STEPPED UP, PROLONGED

BK181223 Hong Kong AFP in English 0811 GMT 18 Aug 82

[Report by Gilles Bertin]

[Text] Jakarta, 18 Aug (AFP)--Indonesian authorities are to step up and prolong order-keeping operations among East Java's 28 million habitants until October following bloody clashes between villagers, backed by plainclothes policemen and soldiers, and gangs of bandits and witchdoctors.

The police have for the first time admitted that order-keeping operations were being carried out since January this year in the Jember and Bondowoso districts where 40 people were reported killed so far.

According to East Javanese police chief General Pamuji, the operations are not against the witchdoctors but are only against the criminal.

The Indonesian press has so far not been allowed to give any detailed accounts of the incident.

The joint army-police operations will continue until October and cover a few more districts in East Java, about 1,000 km (620 miles) from the capital, well-informed sources here said.

Dozens of people have been arrested since the hunt for bandits and criminals started in January following the murder of a policeman by a dozen members of the local "mafia," the sources said.

Plainclothes police, assisted by villagers, have launched "punitive operations" against tukang santet (witchdoctors) practising black magic and bromocorah (bandits), who have created a climate of fear in the Jember and Bondowoso districts with revenge and terror by extortions and robberies.

Local sources said the peasants and villagers supported the punitive expeditions.

Although the mountainous volcanic region is considered to be a stronghold of orthodox Moslems, it is deeply influenced by Javanese or Kebatinan mysticism, inherited from very ancient religions which believe in supernatural powers, inward feelings and black magic.

The anger of the villagers and plainclothes policemen who were believed to have acted without orders from their superiors, was triggered by the murder of a policeman but also by constant lootings of their livestock and criminal acts by witchdoctors, an intellectual from that region said.

The tukang santet, said to possess all kinds of occultic powers and practise black magic rejected by the Kebatinan people, are also fortune-tellers and exorcists.

The witchdoctors, many of whom have been killed during the punitive operations, are sometimes assisted by the bromocorah, men who work for the highest bidder.

The bromocorah, the majority of whom come from Madura Island a few kilometres from the East Javanese coast, are well-known for being hot-blooded. These dangerous fighters always carry a clurit, a traditional sickle-type weapon with a tapering blade, and are said to have close relations with the local "mafia."

They are also hired for vendettas between rival families or villages.

The Moslem opposition in the capital question the real aim of such punitive operations in East Java where the NU [Nahdatul Ulama] faction of orthodox Moslems of the Moslem PPP Party (United Development Party) has a strong support.

NU, which merged with the PPP in 1973, includes the elements most opposed to President Suharto's new order.

Some Moslems believe that the operations are aimed at intimidating supporters of NU and maintaining a substantial military presence in East Java.

It was recalled that 45 people were reported killed in similar incidents in January last year. At that time, an influential PPP parliamentarian (of the NU faction), Yusuf Hasyim, said in addition to witchdoctors and criminals, several ulemas (Moslem priests) were killed for political reasons.

His charges contradicted official statements on the killings published by Indonesian newspapers which are strictly controlled by the authorities.

CSO: 4220/303

TRADE CHIEF REVEALS FOREIGN TRADE FIGURES, INTERNAL POLICIES

Vientiane SIANG PASASON in Lao 14 Jul 82 pp 2, 4

[Interview with Mr Inhom, Trade Chief Concerned with Trade Circles by a Reporter from SIANG POSASON; date and place not given]

[Text] Trading is an important lever in the period for the transformation and construction of socialism in our country.

To obtain clear information concerning that work, our reporter interviewed Mr Inhom Vinit, acting chief of Lao State Trade, who told us that the Lao State Trade is the only company that deals with foreign trade and distributes goods to and buys from many different localities all over the country.

Mr Inhom said that in the first six months of this year the Lao State Trade has carried out the policy of the party and government, and attentively and actively carried out its work. For example, in buying and exchanging the company has sent goods and capital to different localities depending on the ability of each province for use in buying and exchanging the produce from the people. In the past six months they were able to purchase and exchange 2000 tons of coffee, 17,299 tons of gypsum, 76,860 tons of tin, 48,599 rattan sticks, and a quantity of cardamom worth over 43 million [kip].

As for circulation and distribution, Mr Inhom said that the State Trade sells wholesale to each province periodically, and the provinces provide distribution to different localities. In the past six months they sent goods to different localities calculated to be 41.55 percent of the plan, worth 480,376,098 kip. This included supply goods and industrial goods. The difficult problem in carrying out this work was that the goods did not arrive at the time they were needed.

As for foreign trade, Mr Inhom said that we exchanged goods between other socialist countries such as Vietnam, the Soviet Union, Hungary, Bulgaria, and the German Republic based on the agreements signed by both sides. We sent coffee, plywood, logs, lumber, wood, resin, peanuts, Stick lac, rattan, tin, tobacco, and handicraft products in exchange for machines and indispensable goods. Moreover, the Lao State Trade exchanged and ordered goods from capitalist countries.

Mr Inhom said at the end that in order to implement the plan of the Third Congress of the LPRP, from now on the Lao State Trade will improve the prices in order to encourage production, especially the price exchange between industrial and agricultural goods, and will encourage localities to improve, deepen, and spread the trade base throughout the country. Meanwhile, they will do the best they can to ensure that the transportation and distribution of goods is carried out on time. Foreign trade will be pursued most aggressively with socialist countries.

9884

CSO: 4206/71

SRV AID PROJECTS, REPAIR FACTORY DESCRIBED

Vientiane SIANG PASASON in Lao 13 Jul 82 p 2

[Article from VIETNAM PICTORIAL Magazine: "For the Friendship Route"]

[Text] Factory 250 C under Group 64 is located on the bank of the Ma River, Thanh Hoa Province; it is less than 100 km from the Vietnam-Laos border.

The factory was built only two years ago. Housing and other things are being worked on so that the front part of the factory, in particular, will not only be used to repair 250 vehicles a year based on the plan, but also will advance to double that amount. That is the order which is the state law and is also the goal of the factory, which aims to respond to the need of vehicle and all kinds of machine repairs of Group 64 that regularly goes to construction sites and roads to help the LPDR from the north to the south.

Almost all of the cadres, workers, and state employees of the factory are those who once helped building many different important routes within the country, for example, routes 6, 7, 9, 13, and others. On these routes there are many vehicles continually transporting friendship goods, and contributing in the construction and protection of the Lao allies.

In the ceremony for awarding the independence medal first class of the LPDR government to Group 64, Comrade Sanan Souththichak, Minister of Public Works and Transportation, said that they helped Laos build many different routes thousands of kilometer markers long, and also they built tens of bridges. It is a very simple matter to calculate superficially only the numbers of roads and bridges they built, and how many kilometers they did in the land and riverine survey. However, it is not as easy as that. The construction sites they built were all thick jungle full of thorns with tall mountains and steep abysses, in the most remote areas. At these places the cadres and workers endlessly and determinedly cleared the land, dug mountains, and filled water ditches and abysses to build many different roads. In some places it is very cold in winter, and very hot like burning fire in summer. However, they managed to make it, especially during the time they worked against the war of aggression, when the American imperialists fiercely bombed and destroyed different routes by airplanes. These comrades did not think of their own lives. When the enemy destroyed [the routes] in the daytime, they would repair them at night. Many comrades were injured and lost their lives, which was the greatest sacrifice of all.

With this brilliant heritage along with the experience of the cadres and workers, recently they have not only paid attention to repairing many transportation vehicles and tractors from construction sites and communications routes in Laos, but also are hurriedly completing the last portion of the AB Fan Bridge which is 50 meters long. This brigade will be built in Ham along route 6 in the northern region of Laos.

Over a year preceding this the factory received orders from Group 64 to build and finish laying out the hardwood used for columns and secondary components in order to help the barge port in Khoua District, Phong Saly Province. This was to convert from pulling the barges with Kano vessels to pulling them with cables; instead, in order to release many automobiles that were crowded there because of a lot of water, and it is urgent work. However, the materials, especially steel from the factory, is not the right size. If we have to wait for the requisition and approval from the higher echelons it would be delayed. There were many discussions concerning the techniques and there were many opinions expressed. Finally, the factory had to make new plans which involved welding 2 pieces of stainless steel together to make it thick enough to the level marked "Fi" which is outside of the pulley.

In this way the factory managed to make it through its difficulties, and to ensure its production rate. It completed the plan 3 days ahead of schedule. This helped to speed up route 42 B for use while there was a lot of water.

Comrade Nguyen Van Nhuan, director of the factory, added that "in 1980 the factory was confronted with so many difficulties that we thought we would not make it, e.g., the lack of skilled workers, and materials and equipment. Also, they had to produce, continue to expand the factory, and complete many different types of construction. For these reasons they struggled until September only to complete 48 percent of the plan. The guidance committee of the factory met regularly to study and organize the competition with the special friendship between Vietnam and Laos, and score achievements to celebrate the heritage of the fifteenth anniversary of the aid to Laos by Group 64, along with other economic measures. Therefore, when we calculated only the last quarter of the year, the fact is that the factory completed 52 percent of the whole year's plan. Moreover, the factory transferred ten thousand Dong of its profits to its government.

If you have a chance to visit factory C 250 now you will see the new physical labor for serving and steadily improving the communications route construction in the neighboring country.

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CSO: 4206/71

SOUTHERN EX-INSURGENTS DESCRIBE HARD LIFE IN MAQUIS

Vientiane SIANG PASASON in Lao 9 Jul 82 p 2

["Talking Together" Column by S. Phoutsadi: "Fate of the Misled"]

[Text] Being angry, hateful, and tired of the deceptive propaganda of the reactionaries who are the henchmen of the imperialists and Chinese reactionaries, and seeing their own fate that they would not make it, on 27 April and 21 May 1982 a number of misled people decided to return to their homeland in Khong and Sanasomboun Districts, Champassak Province. These people brought their weapons with them and gave them to the local administrative authorities. These included 2 B-40 rocket launchers, 1 B-41, 2 CB, 3 AK's, 1 M-16, 1 [Hanley], and 1 AS, along with a number of bullets. It was a good path that led them to progress. The local administrative authorities and their relatives welcomed and praised them highly. Then it was time for these ex-insurgents to disclose their hard life and the evil deeds of the exile groups to reporters, the masses, and their own relatives. Since they had fled from their homes and families, their situation and standard of living was very poor; the clothes they wore were all torn. Each day all they did was steal and loot the people's property. Food was always short. They did not have cloth and clothing. Each day they went to stop and loot vehicles in order to take things from the people. Which-ever house they entered they cleaned out everything. It was an extremely hard life. No matter how far the marsh and mountains were, they went there because they were afraid the liberation soldiers would ambush them. If they did not enter a village they would not have food to eat. Another thing they were afraid of the most were guerrillas. There were many times that they almost were killed when the guerrillas ambushed them. As for money, from the day they left to the day they returned they did not see any kip or bank att. Whenever and wherever they looted any vehicles, all of the money went to the boss. The henchmen did not get any. Most of the money was hidden to give to girls. When sickness occurred there was no medicine and no one to take care of them. From what was happening they could see their own future, and they realized that they and the group had taken the wrong way, and had been deceived by the reactionary traitors and were involved in psychological warfare. If they stayed there any longer they would have committed crimes against the country and the people. Their fate would undoubtedly be sealed. Therefore, the best way was to escape from the undesirable fate that was full of guns of the reactionary traitors, and they decided to return to their homeland and to their children, wives, and parents. The local administrative authorities always welcome and forgive and educate and train them to be good citizens, to raise their standard of living, so that together with their relatives they can build and enrich their new lives.

'NEW STRAITS TIMES' COMMENTS ON LEE KUAN YEW VISIT

BK240823 Kuala Lumpur NEW STRAITS TIMES in English 23 Aug 82 p 16

[Editorial: "Closer Ties"]

[Text] While it is too early to tell how fulfilling the visit of Mr Lee Kuan Yew will be, the agreements reached and the positive mood that dominated during our prime minister's visit to the republic last December are themselves a strong assurance that both leaders are not likely to allow any let-up in the common effort to strengthen close bilateral cooperation. Indeed the very gesture of Mr Lee's reciprocating the visit is an expression of optimism and faith that another milestone will be reached in firming relations. On the Malaysian side, there could not be any other response but welcome for the effort to continue the fine start made in December. What was significant then was not just the settling of nearly all the outstanding bilateral issues but also the rapidity and spirit of compromise with which it was carried out. These, it can be expected, will prevail as well in the talks here.

Part of the aims of the visit is to establish further working relations between the ministers accompanying Mr Lee and their Malaysian counterparts. This in effect would mean a furtherance of the pledge by both prime ministers that there should be more people-to-people contact, and this not merely on occasions when there are bilateral problems. The establishing of a viable working and social relationship between those in the second echelon of leadership promises not just the swifter resolving of contentious bilateral issues that may crop up in the coming months and years.

During the Singapore premier's brief visit, further proposals put forward are likely to include those which will strengthen economic cooperation. Given the large and varied delegation, it would not be surprising if concrete plans are also made to further joint activities relating to not just political and economic affairs but also cultural and social. Whatever, the climate between the two governments has never been better.

CSO: 4220/303

NO CONSENSUS REACHED ON RUBBER GROUP'S MARKET MOVE

BK191335 Kuala Lumpur Domestic Service in English 1130 GMT 19 Aug 82

[Text] Members of the Association of National Rubber Producing Countries [ANRPC] have not reached a consensus on the implementation of a decision to withhold 350,000 tons of natural rubber from the world markets. The minister of primary industries, Datuk Paul Leong, said this in [words indistinct] today after meeting the menteri besar [chief minister], Datuk Sri Syed Nahar Shahabuddin. The ANRPC countries were to have discussed the question in Jakarta last month, but the meeting was postponed. However, a meeting is expected to be held in Kuala Lumpur on Monday.

Datuk Leong says Malaysia will hold firmly to the decision and is prepared to implement it to ensure the stability of the rubber price. The decision to withhold 350,000 tons of rubber from the world markets was for implementation during the second half of this year.

Datuk Leong says: If the move is implemented it will help to stabilize the natural rubber market, which is now weak. Datuk Leong also disclosed that producing countries will discuss the question of reducing production, because this is important to safeguard the future of the commodity.

He said the government is sympathetic to smallholders, who are affected by the poor price and had taken several early measures to help them. The Malaysian Rubber Development Corporation and Rubber Industries Smallholders Development Authority have been directed to buy latex direct from smallholders, while in the long term the Primary Industries Ministry and the Ministry of Trade and Industry will take steps to encourage more usage of natural rubber locally.

CSO: 4220/303

MALAYSIA

BRIEFS

SARAWAK SECURITY COMMAND--The Rajang Security Command [Rascom] in Sarawak will not be abolished as long as the communist threats in the 3d, 6th and 7th divisions persist. The chief minister, Datuk Patinggi Haji Abdul Taib Mahmud, says though the security situation is under control, the need to abolish Rascom does not arise for the time being. The chief minister, who is chairman of the State Security Committee, also says there is no question of the government negotiating with communist remnants in the Rascom area since the government does not recognize them. He adds that the government is practicing an open door policy where the terrorists can rejoin society instead of continuing their futile struggle in the jungle. [Text] [BK201011 Kuala Lumpur International Service in English 0800 GMT 20 Aug 82]

TIMBER TRADE WITH PRC--Malaysia wants more direct trade for timber and timber products with China. The visiting Chinese trade mission has shown keen interest in purchasing the commodities. The mission has disclosed its requirements, particularly for logs and plywoods to the Malaysian Timber Industry Board in a preliminary discussion in Kuala Lumpur. In turn, the board has informed the mission of its task and specifications of timber available in the country. [Text] [BK180941 Kuala Lumpur International Service in English 0800 GMT 18 Aug 82]

CSO: 4220/303

POSITIVE, NEGATIVE ASPECTS OF FEDERAL BUDGET DISCUSSED

Cost of Top-Heavy Administration

Karachi JANG in Urdu 25 Jun 82 p 3

[Article by Irshad Ahmad Haqqani: "Positive and Negative Aspects of the Financial Budget for the Fiscal Year 1982-83"]

[Text] It is seldom that the budget presented by the finance minister of a country comes up to the expectations of people from all walks of life. The reason for the mixed reaction to the budget for the coming fiscal year presented by Mr Ghulam Ishaq Khan is that he had to keep in mind mutually opposed demands. If, on the one hand, he was expected to accelerate development programs, then on the other hand there were others who vehemently demanded that relief be provided to the most segments of the population possible, and that inflation and price increases be kept under control. That it is impossible to keep in mind the expectations of both these groups at the same time is self-evident. Among those demanding relief were, first, government employees and other salaried persons and, second, groups of people connected with industry and trade, who were clamoring not only for increasing the limit of taxable income but were also demanding a number of other concessions and benefits. As for the government, it was forced to increase defense spending to a certain extent. It required more funds for the payment of interest and loans and the size of development programs had to be increased, which meant that the government required more resources. The path chosen by the finance minister to overcome these difficulties was, in his opinion, the best under the present conditions. Any other course of action, according to him, would have been still less acceptable and more painful.

If we glance at the finance minister's speech, his difficulties and limitations and also his proposals, it becomes clear that the main reason for our economic difficulties is that as a nation we were no longer adhering to the principle of living within our means. Currently, everybody seems to be engaged in a race to raise the standard of living. Even though every group is contributing to this according to its capacity, the major responsibility for the worsening of the situation rests with the well-to-do and wealthy class. A second and equally important reason is that the administrative structure of the country has become so huge and has grown so out of control that a great part of the country's resources is being spent to maintain this huge

structure. Mr Chulam Ishaq Khan has announced a 7-percent reduction in all government spending, with few exceptions. But the elephant of administration has become so gigantic that its masters (the people) have to bear the great burden of providing it with huge quantities of food just to keep it alive. Despite tremendous demands by salaried persons and businessmen, the finance minister did not extend the limit of taxable income, even though both these groups had advanced powerful arguments in support of their demand. A salaried individual has to declare the total amount of his salary. He cannot conceal it even if he wished to do so. In these days of inflation and growth in the necessities of life, to demand income tax from a person receiving a salary of 1,000 rupees per month can in no way be said to be fair. Both government and nongovernment employees who receive a monthly salary of 1,000 rupees per month deserve an increase in their remuneration, and rather than be burdened with tax, they should be offered help to pull themselves out of poverty. But the finance minister could not provide any relief to this class of people simply because more than half of the country's income tax is obtained from salaried persons. If the taxable limit were to be increased, the government would be deprived of a significant amount of its revenue, something it is not prepared for under the present circumstances.

Businessmen earning an income of 1,000 rupees a month have to resort to various tactics to escape taxation, and as some observers have stated, by maintaining the present taxable level this class has been shown new ways of cheating the government. Among them, the people who are really honest and do not wish to render inaccurate account at any cost are really in trouble, because they do not know how to pay their taxes, and if they don't pay their taxes they do not know how to appease their pricking conscience. The finance minister has not provided them relief either, because he thinks that they have already concealed quite a lot of their taxable income and if they were given further relief, the government would be deprived of revenue from this sector. The government's position resembles that of a starved person who is never satisfied and is all the time clamoring for more. Therefore, until the government decides to limit its gigantic administrative machinery, people cannot expect to get any relief. The only solution would be to reduce the number of unnecessary personnel as well as the number of offices and prevent the burden of administrative expenses from increasing every year. Remarks by some people to the effect that even though the country is reduced by half, the administrative expenses have multiplied a number of times, are not far from wrong. Government employees must be provided with necessary benefits and remuneration, and whatever increase is incurred in expenses as a result of this action must be borne. But to continue employing more and more people, creating new positions in offices and departments and increasing the number of government employees continuously is not a wise action. Instead, the government should refrain from getting involved in unnecessary official duties. Every effort should be made to get the maximum possible work out of the minimum number of employees. To simplify government procedure, it is not enough to take official measures; revolutionary changes are needed. Alternative sources of employment should be created in industry, trade and agriculture. If the elephant of the administration is allowed to get plumper, then the day is not far off when the government will be forced to use major portion of national resources just to feed it, thus making it still more difficult to provide resources for development projects and social welfare.

Threat of Inflation

Karachi JANG in Urdu 27 Jun 82 p 3

[Article by Irshad Ahmad Haqqani: "Positive and Negative Aspects of the Financial Budget for Fiscal Year 1982-83"]

[Text] The second most important reason for the economic difficulties facing our country is the disproportionate use of our resources. The finance minister himself has acknowledged that the rate of consumption in Pakistan is much higher than that of most other countries in the world and that we consume 80 percent of our national income. In this sad state of affairs, development cannot be accelerated and social and economic justice cannot be administered. The finance minister's information that we waste 1 billion rupees on tea, tobacco and imported drinks is neither a new revelation nor does it give the full picture of our profligacy. There is an abundance of luxury articles in the country. The major portion of the 3 billion rupees coming to Pakistan from abroad is spent on consumer goods and for raising the everyday standard of living. Ever since this new source of income was created, if plans had been carefully devised to utilize the money wisely and sensibly, not only would there have been no inflation, rise in prices and increase in unhealthy competition, but abundant resources would also have been made available for progress and development. Even today, 7-8 years after this new source of income came into being, there is no consolidated official plan for putting it to good use. Even the people who have been receiving this wealth have not been able to save it, nor have they used it successfully for productive purposes. In fact, the plight of our nation just now resembles that of an extravagant and careless person addicted to pleasure, one who is not in the least concerned about the necessities of the future and who believes in the proverb: "Give yourself to pleasure and enjoyment because you will not come back to this world a second time." Every group and every individual, except for those who really have no worldly possession, indulges in spending more than its income and outdoes others in the mad race to raise its standard of living higher and higher. We have been declaring aloud our commitment to Islam, but at the same time we are becoming more materialistic than ever. Wealth, money and material ease and comfort have become the religious faith of this nation and people consider every effort directed at this goal as reasonable. Unfortunately, among vast sections of people in this country, an image of Islam has become popular that though it may not envisage love of wealth as an element of religious conviction, at the same time does not prohibit it, either. People possessing property worth millions of rupees and with incomes in hundreds of thousand of rupees are seen to applaud the virtues of Islam day and night and look on their wealth as a blessing from God; they consider the highest standard of living and most extravagant life style as a benevolence of God. But they do not realize that they are violating the teachings of Islam, which advocates simplicity, frugality and moderation. Neither do they ever think of the requirements and necessities of their less fortunate brothers, sisters and children living in deprivation. There are among them some people who help in the name of God and religion but who nevertheless continue to amass wealth through all possible illegal means and consider spending lavishly on themselves and their family as their inherent right.

The entire elite class is engaged in an illegal race to amass wealth, while the authorities do nothing to change this tendency and create an atmosphere of sense and understanding. The bitter truth is that the government is very popular among these extravagant people, and perhaps this is why the authorities cannot take effective measures to change their ways and manners, their extravagance and wastefulness. Prudent people well versed in the true perceptions of Islam and the Islamic way of life know that Islam prohibits materialism, limitless craving for worldly pleasure, abundance of ease and comfort and imprudent use of resources. There is no place for a show of splendor in Islam. Islam advocates simplicity and teaches that minimum use should be made of resources for personal or family requirements. If these true Islamic traits were to be reflected in our national life, most of our economic difficulties would be solved and, at the same time, demands for progress and development could be met and social justice could be provided with available resources.

The finance minister has declared that the measures to be adopted to make up for the loss due to the deficit in the budget are the most appropriate under the circumstances. But the fact is that by imposing a 5 percent surcharge on all imports, he has provided ample incentive for an increase in prices, as a result of which advantages gained by the government will be far less than the difficulties created for the people. To say that because of this surcharge there will be a very negligible increase in prices is, to say the least, unrealistic. We believe that our guess--that as a result of budgetary proposals there will be an increase of 15-30 percent in the price of goods within a few months--will prove to be correct. As it is, due to disproportionate relationship between the rupee and the dollar, imports are already expensive. Now, with the imposition of the surcharge, these prices will be increased two and threefold. By the time these goods reach the customers, it will not be difficult to predict the dreadful increase in prices. The increase in the price of gasoline is attributed to the increase in the value of the dollar. Even though the price of gasoline in the world market has gone down because of an increase in the value of the dollar, it is said that we are not able to obtain it at reduced rates. In the past prices of gasoline products were increased because of an increase in their rates in the world market. But now it is said that because of the disproportionate relationship between the value of the rupee and the dollar, the value of the rupee has decreased and the cost of oil has increased. Hence, an increase in the price of oil. No matter what the government gains as a result of the surcharge on imports and the increase in the price of gasoline, the man on the street will have to pay much more and hence the loss suffered by the people will be manifold.

Juggling of statistical figures is quite another matter. An economic survey shows that in the first three quarters of this year the increase in the wholesale prices of commodities was 3.6 percent, whereas the finance minister says that up to April this increase was 6.3 percent. It is also asserted that inflation has been kept to a single digit. It is difficult to say how true this claim is, but the experience and observation of the man in the street does not enhance his faith in the authenticity of these claims. People have seen the hike in the prices of consumer goods.

The prices of consumer goods in the evening are different from those in the morning, and, similarly, the prices next morning differ from those of the previous evening. Why there is no conformity between one's observations and experience and official statistics is hard to explain. Official sources may have a clue to this puzzle, but the man in the street does not.

Besides the increased hardships arising as a result of the budget, and more to follow in the weeks ahead, there is another difficulty that looms large over their heads. There are reports that after the holy month of Ramadan, the government will gradually increase the prices of most other goods and services. Some policy decisions have already been made, but in view of certain expediencies, their implementation has been postponed. About 1,000 medical items are being decontrolled, as a result of which a hike of 60 to 125 percent in their prices is expected. Mr Ghulam Ishaq Khan, in his press conference immediately after he presented the budget, gave no assurance that in the coming months there will be no increase in the prices of goods and services in the government sector. This indicates that the predictions of circles expressing fears about a rise in prices of edible oil, wheat, cement, tea, electricity and water were not far from the truth. As a result of all these measures, the graph of prices in the next 4-6 months will rise significantly. For the average person, it will become still more difficult to maintain the balance between body and soul. Regardless of the difficulties and preferences of the government and the finance minister, and however much they may believe that they are steering the country's economy in the most prudent way, people in the middle and lower class cannot applaud the government's efforts. For them, the immediate difficulties are more real and important. People as a rule do not care so much for lofty claims and rosy predictions for the distant future. They are concerned with immediate problems and difficulties. If the finance minister prepared the country's estimates of income and expenditures in such a way that there were no possibility of any increase in prices, then it would not have been difficult to draw applause from the people for his financial capabilities. During the coming fiscal year, the government would like to print more than 5.7 billion rupees in bills. The taxes imposed by the government amount to 50 million rupees, which will be transferred as a burden on the public in the form of taxes totaling 150-200 million rupees. This will further intensify the seriousness of the twofold misfortune already facing the people, namely, inflation and higher prices. If, under such circumstances, the people were told that the gross national product would increase by more than 6 percent, this would sound like a melody sung in the distant hills and hardly audible to their ears.

Benefits provided for government employees in the new budget, though at first glance appearing to be quite sizeable, in reality are not. The salaries of the lower grade employees will be raised by 50 to 100 rupees, which is much less than their requirements, expectations and demands. Therefore, since the presentation of the budget, some of these employees have started expressing dissatisfaction at the relief provided to them. The Ministry of Education has the largest number of government employees, and among them, school teachers constitute the highest proportion. Those receiving the rent allowance for the first time will be satisfied to a certain extent with the increase in

the new cost of living allowance. But the raise the other employees will receive will not be sufficient to cover the hike in prices resulting from the present budget. How they will cope with the rise in prices already in place is hard to say. The only way to help these people is to strengthen the value of the rupee and improve its buying power. Unfortunately, the chances of such measures appear to be remote. The fact is that whatever has been given to the government employees with one hand is being taken back with the other hand. The sense of deprivation will remain unchanged. If, in the coming months, the prices of goods and services were to register a further increase, then the raise given to them will be no more than a joke. The least that the government can do to alleviate their suffering is to freeze the prices of flour, edible oil, tea, sugar, medicine, electricity and water at the present level and maintain them there at least until the next budget.

The Ushr part of the Zakat and Ushr Ordinance has been suspended for 2 years. It has now been decided to bring it back into force with effect from the next spring harvest. Even though, like zakat, imposition of ushr is nominal, it will certainly be described as a very big step in the right direction. It is important that great attention be given to the attainment and disbursement of the amount collected from ushr. The zakat committees that have been entrusted with achieving ushr came into being as a temporary measure and elections held for the committees recently came under extensive criticism. It is necessary to consider ways and means to improve arrangements for achieving and disbursing ushr. It is estimated that in the initial stage, approximately 100 million rupees can be collected through ushr, about 1.5 times the amount that can be collected from zakat. This large sum should be used for purposes strictly in accordance with Islamic law.

Certain circles have criticized another aspect of the budget in particular. They complain that promises for doing away with interest have not been fulfilled even after the appointed time and there are no indications when this will be done. This criticism carries weight and deserves attention. The importance of ending interest in an Islamic economic system is self-evident. The fact is that Islam gives top priority to eradicating the curse of interest as a first step in ending exploitation, to doing away with the amassing of wealth and to providing social justice. Once interest is eradicated, serious social inequities will automatically diminish significantly. In an Islamic economic system, the eradication of interest is more important than the implementation of zakat and ushr, not less. There is no doubt that the eradication of interest requires more effort and more revolutionary thought and action. As some observers have remarked, progress toward an interest-free economy, after years of careful consideration, does not seem to be too difficult. It has now become clear that if agreement could be made to protect the interests of certain privileged classes, then it should not be difficult to make progress in the direction of an interest-free economy. It must be acknowledged that whatever measures have been taken in the matter have been highly unsatisfactory and of a preliminary nature. The need for bold and sincere progress prevails with full force. If we have to move forward toward the establishment of an Islamic system, there is no alternative but to adopt an Islamic system of economy, and the eradication of interest is

the most important factor in this system. Furthermore, it is regrettable that the government spokesmen have not given any reason for not being able to fulfill the promises made concerning interest in January 1979. They have neither apologized nor have they thrown any light on their future aims and objectives in the matter as to how soon progress might be expected. Silence on the subject can only give rise to adverse reactions and comments.

9315

CSO: 4203/151

BRIEFS

ENVOY VISITS INDIAN FOREIGN SECRETARY--Pakistan Ambassador to India Riaz Piracha had a meeting with Indian Foreign Secretary M. K. Rasgotra in New Delhi yesterday which lasted for 1 hour. During the meeting they reviewed the recently held secretary-level talks on regional cooperation and the bilateral talks between India and Pakistan in Islamabad. [Text] [BK221525 Karachi Domestic Service in Urdu 1500 GMT 22 Aug 82]

PRESIDENT COMMENTS ON HIJACKING--President Gen Mohammad Ziaul Haq has complimented the Punjab governor, the corps commander and the civil aviation authorities for successfully foiling the attempt of the hijacked Indian Airlines plane to land at the Lahore airport. The president, who had been kept informed of the entire situation, also appreciated the alertness and presence of mind of the authorities concerning for handling the incident under the supervision of the Punjab governor (?which forced) the Indian plane to return to India. Indian Ambassador in Islamabad K. D. Sharma told Radio Pakistan's representative that he was extremely grateful to the Pakistani authorities for their wholehearted cooperation in regard to this very unfortunate episode. He admired the efficiency of the Pakistani authorities in handling the situation. [Text] [BK210558 Karachi Domestic Service in English 1700 GMT 20 Aug 82]

FOUR ARRESTED IN ASSASSINATION--Rawalpindi, 17 Aug--The local police have arrested the four alleged assassins of Malik Shehzada Khan Halimzai, a SHOORA [consultative council] member who was recently assassinated here at Rahmanabad Chowk on Murree Road. The SSP [expansion unknown] Rawalpindi, Malik Sikandar Shaheen, told PPI here that the accused persons who belong to MARDAN were handed over to the local police through the political agent. The alleged persons, Nasim Ahmed, Parvez, Sher Mohammad and Dilawar Khan are under interrogation by the New Town police, who initially registered the case. The SSP added that it has been fully ascertained, the murder was a result of a tribal enmity between the deceased and another Malik.--PPI [Text] [GF211145 Karachi DAWN in English 18 Aug 82 p 12]

MRS BHUTTO VISITS DAUGHTER--Karachi, 6 Aug (AFP)--Begum Nasrat Bhutto, widow of executed former Pakistani President and Prime Minister Zulfikar Ali Bhutto, was allowed by the martial law authorities yesterday to meet her daughter Benazir, who is held under house arrest in their ancestral home in Larkana, family sources confirmed here today. It was the first meeting

between the two women since Begum Bhutto was hospitalized for treatment of an ulcer in Karachi last month. Begum Bhutto and her daughter are outspoken political opponents of the military regime of President Mohammad Ziaul Haq, which overthrew Prime Minister Bhutto's regime in a bloodless coup in July 1977. They have been in detention since the hijacking in February 1981 of a Pakistani airliner to Kabul by supporters of her father. [Text] [BK070735 Hong Kong AFP in English 0353 GMT 7 Aug 82]

CSO: 4220/293

MINDANAO PAPER URGES PEACE TO PREVENT MARTIAL LAW

HK260313 Davao City PEOPLE'S FORUM in English 10-11 Aug 82 p 2

[Editorial: "Don't Give the President a Chance"]

[Text] When the president lifted martial law, he expressed the hope--which was practically a warning--that we would never have to declare martial law again. From all initial indications, the chief executive appeared bent on his decision not to reimpose military rule unless provoked by circumstances that would justify such reimposition.

This is now the crux of the problem that has been caused by the worsening peace and order situation in some sectors of the Philippines. While opposition is considered necessary in making a nation strong and credible, such opposition should be geared towards peace for all, irrespective of ideological conflicts. One should recognize the fact that the constitution gives the president of the Philippines tremendous powers that can spell the well-being of the country if headed by a compassionate, open-minded leader, but can spell disaster if given to one who considers peace and progress as last priority.

President Marcos has laid down his conditions for reimposition of martial law. Irrespective of one's evaluation of the president as a leader and irrespective of political beliefs, every Filipino should at least agree on one thing: violence must be abhorred in favor of better and more lasting solutions to the country's present-day problems. The president has more than once appealed for sobriety, making it clear at the same time that he cannot--and will not--tolerate loss of lives and loss of national honor through violence; otherwise, redeclaration of martial rule will not be impossible.

It would do well for all at this time to accept the challenge of the president in favor of peace. Filipinos should not give Mr Marcos another chance to declare martial rule. The country has tasted a "smiling" martial law for many years. The smile may no longer be there the next time around. The welfare of the majority should be the common objective of those in power and of those in the legitimate opposition.

CSO: 4220/303

PHILIPPINES

HUMAN RIGHTS GROUP DETAILS ATROCITIES

OW132048 Hong Kong AFP in English 1734 GMT 13 Aug 82

[Report by Mario Baluyot]

[Text] Manila, 13 Aug (AFP)--At least (?157) people were killed in seven [words indistinct] executions by military personnel during the first six months of this year, a Philippine human rights group charged today.

A further 549 civilians were also arrested and detained illegally during the same period while some 217,600 villagers from six provinces were herded off into hamlets as part of the Manila government's anti-insurgency measures, the group, Task Force Detainees of the Philippines (TFDP), said.

The cases were set out in a documented report submitted to the Philippine Council for Human Rights (PCHR) meeting to assess results of fact finding mission that looked into the growing number of atrocities attributed to the military.

TFDP also reported cases of disappearances, strafing of villages and bombings which they claimed were part of the growing militarization of the Philippines since President Ferdinand Marcos declared his eight-year martial law regime in 1972.

The first massacre recorded by TFDP was on January 23, 1982. It cost the lives of five civilians from Labo, Camarines, Norte, some 340 kilometers (215 miles) southeast of Manila.

The second reported massacre had seven women and six suspected communist rebels killed eight days later in Roxas, Zamboanga del Norte in southern Philippines. Twelve people were also reported gunned down February 12 at Dumanigan Township in Zamboanga del Sur while 14 more died May 25 from 16 bombs dropped allegedly by four Philippine military aircraft.

Other massacres reported by TFDP had eight civilians as victims in Hinunangan, southern Leyte, and seven children aged between 3-18 years in Ormoc, Leyte, both in central Philippines.

The seventh case placed five victims of a June 21 military raid in Pulo, Bulacan, just north of Manila. Press reports said the victims were communist rebels who engaged the government troopers in a running gunbattle.

TFDP attributed these growing military "atrocities" to "the worsening socio-economic and political crises" in the Philippines where, it said, those who were vocal about the problems "are maimed and made mute" while those who fight for restoration of basic rights "are called subversives."

The TFDP report debunked the government's claims of moving towards political normalization by citing what it called "grim statistics that showed a country under siege."

CSO: 4220/303

PHILIPPINES

PAPER URGES ALL LEVELS APPLY HUMAN RIGHTS POLICY

HK210307 Manila BULLETIN TODAY in English 19 Aug 82 p 4

[Editorial: "The Olalia Precedent"]

[Text] In the sense that the arrest and detention of labor leader Felixberto Olalia, Sr., can be invoked in the future, the case is a precedent. It is an important case because it involves a well-known labor leader and because it moved the president to strongly reiterate that the "constitutional processes and the human rights of every citizen will be protected by the government and by the president."

The human rights record of the government as reflected by official acts at lower levels has not been unquestioned. In recent weeks torture was alleged by a suspected subversive, Horacio Morales, a former government official. His allegations moved the Supreme Court to appoint a fact-finding commissioner.

The cases of prominent figures who have allegedly run afoul of the law merit public attention. No less important in the final analysis are the cases of the "unknowns" in the provinces who may not have batteries of lawyers to defend them and who on account of their low social standing may be susceptible to abuse. The phrase "every citizen" is more meaningful when applied to these least protected members of our society.

For obvious reasons that message should be clearly understood and applied by the law enforcers in the provinces.

There the local civil and military authorities ought to strive to attain the elaborate procedure in compliance with due process as it is applied in metro Manila on the cases of eminent figures. For the rule of law demands nothing less.

If it is true that there were lapses in the past, the Olalia case ought to mark a point of departure, for the case has brought again to the fore the significance of human rights in our country.

It is clear the administration cannot afford to get trapped in the morass of rights violations simply because of irresponsibility at the low levels of the bureaucracy.

CSO: 4220/303

FOREIGN INVESTMENT PROBLEMS DISCUSSED

HK210311 Manila BULLETIN TODAY in English 20 Aug 82 p 12

[Text] Enrique Zobel, president of Ayala Corporation, said yesterday that the hesitance of foreign investment in coming to the Philippines was "a question of confidence."

He told the Cebu Business Club in Cebu City: "Chief executive officers of some big foreign corporations who confide in me tell me that it is a question of confidence."

Zobel told Cebu businessmen further: "Big foreign investors need to be convinced that promises will not be broken and rules will not be constantly changed."

"A credibility gap is created, they say, when one government official says one thing and another government official says something else."

The Ayala boss said three principal reasons cited by foreign consultants in government for the low level of foreign investments in this country were: firstly, "inadequate incentives offered by the Philippine Government," secondly, "the uncoordinated efforts by the too many government organizations involved in attracting foreign investors have proved counter-productive" and, thirdly, "excessive red tape at immigration, customs, banking and investment-regulation agencies."

He said further: "The export processing zone system, designed to have an edge over other modes of attracting foreign investments and encouraging exports, has many discouraging factors, according to the president of the Confederation of Philippine Exporters."

"Apart from echoing the foreign consultants' report of inadequate government incentives, our exporters bewail the dismal state of telecommunications facilities and the bad roads leading to and from the Bataan export processing zone. Zobel proposed before the Cebu businessmen the conversion of Mactan Island into a special economic zone like Hong Kong and the five areas in the People's Republic of China, or a tax haven similar to those in the Bahamas or New Hebrides."

He added that Mactan could have its own customs check similar to the Johore (Singapore) setup, and could even issue its own freely convertible currency.

As a result, he explained, Mactan could be a venue for the physical operations of Philippine-based international banking and finance units, with appropriate infrastructure and independent and adequate international communications facilities.

As an added incentive, Mactan may even provide a business registry of convenience for ocean-going vessels and even aircraft.

Clark Field Air Base in Angeles, Pampanga, according to Zobel, "is in essence a special economic zone with the consent and a concession from the Philippine Republic."

Even in Manila, he quipped, foreigners lease land owned by Filipinos for lengthy periods of time--25 to 50 years.

CSO: 4220/303

MANILA PAPER CONSIDERS SUCCESSION BILL

HK230156 Manila BULLETIN TODAY in English 22 Aug 82 p 6

[Editorial: "Succession Bill"]

[Text] Incisive minds have evidently been probing into the constitutional provisions regarding the role of the executive committee as temporary caretaker of the presidency in the event of the death, disability, removal or resignation of the president.

They have, with penetrating logic, concluded that in any of those events, the executive committee cannot:

1. Declare martial law or suspend the privilege of the writ of habeas corpus.
2. Remove or replace any member or appoint any additional member of the committee.
3. Grant any reprieve, commutation or pardon, remit fines or forfeiture in cases involving security of the state.
4. Revise, abrogate or in any manner alter or substitute any project, program or policy of government previously approved. Two of the evils sought to be avoided by these limitations are the spectacle of the committee as a debating society and the abuse by the committee of its powers. These evils might lead to anarchy.

There is that danger in a collective leadership which though temporary has no tradition or experience of collegiality. Such peril does not exist in the scheme of succession provided for under the 1935 constitution. That constitution, provided for a vice president to assume the presidency if something untoward happens to the president.

It may, of course, be argued that under the present constitution the Supreme Court may be asked to exercise its power of judicial review to determine if a certain exercise of power by the executive committee or a part thereof is constitutional. However, if we take into account the ways of power politics court power may be inadequate or may come too late. In any case, there is no better alternative to legislative action that leaves no doubt about the powers of the executive committee, acting in its capacity as caretaker.

RURAL POVERTY REVELATIONS DISCUSSED

HK260121 Manila BULLETIN TODAY in English 25 Aug 82 pp 6, 10

[Article by Arlene Babst: "Businessmen, Journalists and Subversives"]

[Text] The Makati Business Club, composed of the biggest corporations in Makati and organized by one of its biggest businessmen, Enrique Zobel of the Ayala Corporation and the Bank of the Philippine Islands, among others, has compiled what it calls its "issues and prescriptions for 1982," a study of the ills and possible remedies involved in the country's growth and development.

The study grew out of the club's series of round-table conferences with other active groups such as the Philippine Economic Society, the Development Academy of the Philippines, the Asian Institute of Journalism, the National Defense College and the Ministry of Budget and Management.

And the dominant impression that emerged from such meetings, according to the club, is that: The main problem of national development is the growing inability of the Filipino people to participate in the planning of development and to share in its fruits.

The study points out that while the Philippine economy has grown rapidly and continuously for the past three and a half decades--a good performance by world standards, it adds--and while the country has attained middle income status with a national average personal income per household exceeding peso 24,000 per annum or peso 2,000 a month in 1980, the 3.8 per cent growth figure for 1981 and sectoral figures for the same year suffered from comparisons with sectoral growth rates of the 1960s and 70s.

Most importantly, the rising GNP has not reached the mass of the people, almost half of whom live below the poverty line.

In actuality, the families which enjoy the estimated peso 25,000 per capita in 1981 amount to only 30 per cent of all families.

The average income in the top 10 per cent is perhaps 20 times the average income in the bottom 10 per cent.

It is one thing when Jose Diokno recites statistics like these for the world; it is quite another when the biggest capitalists in the country repeat the same thing.

In their discussions on five major areas in Philippine development--poverty, communications, security, political economy and the budgetary process--these businessmen concentrated heavily on rural development.

Again and again in the report, they emphasized that the majority of our people live in the rural areas, and that it is there where the poorest Filipinos (mostly farmers) live, and that it is there where national security is most imperilled, and that therefore it should also be there, and not at the cultural center complex, that the greatest infusion of capital and management training is imperative.

Those familiar with Enrique Zobel's passion for land development and agriculture will wonder if he is not after all just the maverick farmer with the peculiar public image of this big business boss of the Ilustrado family that built Makati, this westernized, capitalist enclave where you find all these multi-nationals, diplomatic representatives of foreign powers (three of which were former colonizers), as well as that upper 10 per cent that has 20 times the average income of the bottom 10 per cent.

Mr. Zobel seems to have a sizeable chunk of the business community sharing his prejudice for agricultural development after all; who would have thought it of Makati?

Now that we know of the Makati businessmen's intense concern with bringing Makati-like progress to the hinterlands of central Luzon, Mactan and Marawi, it is timely to point out that rural development and a more equal distribution of the country's wealth are the very same demands that many a harassed journalist and a suspected subversive have tried to make, only they didn't have the respectability of a Makati businessmen's club.

The club, by the way, on its report's last page, extends some of its respectability to media, by advocating that: "Within the framework of national security, exercising arbitrary authority over the mass media, issuing or withdrawing permits to operate, banning programmes or suspending publications, confiscating papers, books, films, etc., and punishing journalists who do not conform to directives, should be avoided at all costs."

Amen, amen, I say unto you, Mr. Zobel and Co. should one of us also say, welcome to the club?

CSO: 4220/303

OUTFLOW OF LABOR SKILLS NOTED

HK260125 Manila BULLETIN TODAY in English 25 Aug 82 p 6

[Editorial: "Outflow of Skills"]

[Text] If the rate of exportation of skilled manpower continues and is not matched by the training programs, the country will surely run out of skills.

It should be noted that it is easier to export than to train. For training consists not only in imparting basic knowledge but also in experience. That may take years to accomplish.

Probably overseas demand for Philippine skills will continue in the next few years, for as the oil-rich countries in the Middle East completes the construction of their plants they will need people from other countries to man the plants and service equipment.

If the outflow of skills is not restricted, many of our vital plants might run out of highly skilled technicians.

If it is amply shown that such will be the inevitable result, the government can restrict exportation and the legal instrument will be the police power of the state.

It is not difficult to imagine a situation in the near future where the foreign exchange earnings of certain prized technicians will be far outweighed by the losses to the economy caused by their employment abroad.

Probably a dilemma need not arise in particular cases because local employers may be able to approximate the wage scales and the benefits offered overseas.

The gloomy scenario that may give rise to legislation enacted in exercise of the police power may also be forestalled by a more vigorous training program in which the government and private business cooperate.

In any case proposed legislation must be backed up not only by complaints of shortage of skills but also by an authoritative study of supply and demand which in turn depends on local business conditions.

AID ASKED FOR DEPRESSED AREA

HK140217 Manila BULLETIN TODAY in English 13 Aug 82 pp 1, 13

[Text] Political leaders of the Samar and Leyte provinces asked the government yesterday to help their constituents, especially those living in depressed areas, in the wake of reports of a rift between the Communist Party of the Philippines (CPP) and the Social Democrats (SOCDEM).

The leaders urged the Ministry of National Defense to protect the people in the affected areas and help them economically by giving them "soft loans" so they can start their own backyard projects.

They also called on military authorities to do civic action work and construct roads and bridges.

"We fear that our constituents might be caught in the crossfire because of the rift between the CPP and the SOCDEM," said the leaders who asked not to be identified.

The rift reportedly developed over the issue of support for the CPP and the underground Social Democrats.

The religious radicals reportedly split into two factions, one supporting the CPP, the other the SOCDEM. Members of the SOCDEM call themselves Reformists, while some leaders of the Communist movement seek to overthrow the government, intelligence reports reaching the Defense Ministry said.

The report said most of the religious radicals belong to the SOCDEM faction.

The rift between the two factions has become acrimonious, according to lay leaders in the Samar-Leyte area.

The reported defection of eight priests to the dissidents reportedly triggered the rift. The military is now checking the activities of the eight priests.

In his visit the other day to Samar and Leyte, Defense Minister Juan Ponce Enrile directed military authorities in the area to check on the revelations of northern Samar Bishop Angel Hobayan that the bishop had lost eight of the 27 priests in his archdiocese to the dissidents.

Meanwhile, a farmer in Abra was shot to death allegedly by the New People's Army under Fr. Conrado Balweg while the victim was plowing his field.

The victim was identified as Amante Bagas, a resident of San Ramon East in Manabo, Abra.

Balweg, a former parish priest of Sallapandan, Abra, and director of the Father Arnaldo High School in the same place, joined the NPA in Kalinga-Apayao when government authorities started looking for him for recruiting cadres for the CPP in his school and parish.

CSO: 4220/303

MANILA BUSINESS PAPER VIEWS STRIKE BAN ISSUE

HK210329 Manila BUSINESS DAY in English 20 Aug 82 p 3

[Text] While the labor minister's authority to issue strike bans, as provided by Batasang Pambansa bills 130 and 227, was primarily intended as a precautionary measure to ensure that strikes do not disrupt vital sectors of the economy, it has become more of the labor minister's sole means of stopping violence at the picket lines.

For example, Labor Minister Bala F. Ople recently issued another strike ban, at the Zamboanga Wood Products, Inc. in Zamboanga City. While Ople, in his certification of the labor dispute as one involving the national interest, pointed out that the firm is in a vital industry since it is an export-oriented firm with exports since 1979 amounting to \$42.1 million, officials of the Ministry of Labor and Employment (MOLE) noted that the incidence of violence as well as the threat of more violence at the picket lines were what really prompted Ople to issue the order.

The fact that the strike dragged on for nearly four months before Ople issued his order lends credence to the MOLE officials' interpretation. Zamboanga City Mayor Cesar Climaco and the firm's management had even wired President Marcos to stop the strike because of the incidence of violence at the picket lines. In his telegram, Climaco claimed that the strike "almost resulted in violence and a massacre when PC [Philippine constabulary] troopers broke the picket line."

Ople's return-to-work orders in several other cases also indicated that the labor minister has utilized his authority to do so not so much on "vital industry" grounds as for the sake of "public order." The return-to-work order against the Ding Velayo Export Corp. strike which had dragged on for seven months was also prompted by reports to the labor minister that both the union and management had adopted hardline stances against each other which would inevitably lead to picket violence. That against Feltman Brothers Corp. was also prompted by reports to Ople that violence was likely because a rival union was threatening to break the picket lines of the union which called the strike. Ople also prohibited a strike at Pepsi-Cola Bottling Corp. two weeks ago after union members were implicated in the killing of a truck driver carrying Pepsi-Cola products.

Clearance: The labor minister's order to issue strike bans has appeared to be the government's sole means of stopping picket line violence now because, according to some MOLE officials' interpretation, President Marcos' directive to the Justice Ministry issued June requiring fiscals to first get a clearance from the MOLE before they could file charges against workers in a labor dispute has "virtually made police authorities helpless in picket lines." This is because fiscals now generally refuse to file charges against workers arrested by the police for allegedly committing violence in the picket lines.

A Labor Ministry official noted that Mr Marcos' order after top-level discussions with Justice Ministry representatives, has appeared to be so vague that it would require important clarification from the Justice Ministry. The official noted that, for example, while it is obvious that the police would have to arrest a striker flagrantly committing violence against management such as by breaking company cars, the wordings of the president's directive, make it appear that fiscals could not even file charges against the workers until the MOLE gives them clearance.

CSO: 4220/303

RESEARCHER VIEWS ECONOMIC PROSPECTS

HK210319 Manila BUSINESS DAY in English 19 Aug 82 p 3

[Text] The Philippine economy is not expected to recover from its growth slowdown until 1984, according to economist Bernardo M. Villegas, senior vice-president of Center for Research and Communication (CRC), who bases this belief on a forecast that the long-awaited upturn in the United States economic performance will be delayed.

Villegas' view contrasts with that of another leading analyst in CRC, Jesus P. Estanislao, vice-president for Industrial Economics, who has observed (BUSINESS DAY, July 22) a bottoming out of the domestic economic recession as of the second quarter. Saying "the worst is past," Estanislao gives weight to the Philippine economy's own "internal dynamics" which will provide the momentum for the recovery even while international conditions may continue to be adverse.

Speaking before the Philippine Automotive Association yesterday, Villegas said the economic "recovery will be delayed and the Philippine market will be soft for the whole of 1983." Even with a recovery predicted for the national economy by 1984, however, there would not be much of an improvement that the country's leading corporations can look forward to, if Villegas is to be believed.

"Big business in the Philippines," he said, "will be in trouble" for the next five years. He explained that "the very same advantages of big businesses in the '60s and the '70s are now their liabilities" such as big overheads and large workforces.

There is "no way (big businesses) can recapture their market in the '60s and '70s," Villegas said. This is because, he pointed out, "there is no hope for coconut" on which the Philippine economy is at present too dependent and the majority of the Filipinos rely for purchasing power. Pursuing the issue, he said, coconut is a relatively insignificant factor in the vegetable oil world market compared to African palm and soybean and "coconut prices will not improve until we can talk of productivity (in coconut) at four tons per hectare instead of the measly one ton per hectare now." However, Villegas thinks "towards the end of the decade, the Philippine economy may not be dependent on coconut anymore."

The weak purchasing power of the Filipinos does not reflect the last of the troubles of big business. Although Villegas points out "high interest rate need not be a deterrent to business growth if you know how to find opportunities." Big business, like small companies, complain over interest rates. Villegas thinks Philippine interest rates will continue to be above 20 percent until 1990.

CSO: 4220/303

MINDANAO PAPER CALLS FOR PROBE OF BOMB BLASTS

HK260303 Davao City PEOPLE'S FORUM in English 5-7 Aug 82 p 2

[Editorial: "Probe Those Bomb Blasts"]

[Text] The bomb blasts that rocked Davao City and the provinces Tuesday night are now the subject of speculations by the citizenry. Some are characterized by intelligent analysis of the occurrence, others by outright emotional outburst, and the rest by plain speculations. Because of the absence of any official result of the investigation now being made on the explosions, many have expressed the fear that the case might develop into fullblown violence to the detriment of an otherwise peaceful citizenry.

The San Pedro cathedral grenade-throwing incident in Davao City last year is still fresh in the minds of many who now think that the incident was one of the worst that ever happened in the city. For the public to be treated anew to another series of bomb explosions or grenade-throwing can only be interpreted by many as the unofficial start of more violent things to come. This is where a thorough probe of the incident becomes necessary. One should remember that a frightened city can only breed submissive citizens, and a submissive people can easily lose the desire to take active role in the progress or development of their community. If only for this reason the government and the private sectors should be able to work hand in hand towards investigating the rash of violence in Davao lately.

The people responsible for the explosions must be identified and investigated. The clamor for such probe is not only the right of a community that seeks protection from the authorities; it is also the duty of the protecting government to come up with satisfactory and credible explanation on the recent bomb or grenade explosions in Davao.

An investigation into the details of the incidents can help soothe an already tense community.

CSO: 4220/303

BRIEFS

ARMY ATTENTION TO ABUSES--A Batasan minority leader expressed yesterday his support to the military for paying more attention to abuses committed upon the people by some irresponsible members of the armed forces (AFP). This policy is welcome in the face of reports of "massive disenchantment among the people towards the government to the extent that segments of the civilian population have been reported turning to subversive elements for justice," minority floor leader Mariano R. Logarta (Pusyon, Bisaya, Central Visayas) said. Logarta, who filed a resolution seeking Batasan support for the shift in policy, said, "The confidence, faith and support of the people are indispensable factors in the stability of government and are a guarantee for lasting conditions of peace and order in the country." In some areas of the country, he said, some people have started to think that "God in heaven and the authorities in Manila are too distant to reach." Logarta asked the Batasan to express the assembly's confidence and full support for the new policy enunciated by Gen. Fabian C. Ver, AFP [Armed Forces of the Philippines] chief of staff. He said the AFP move "is a clear antithesis to repression and a singular contribution to the cause of democracy in the country, without which no government effort can succeed in regaining the people's confidence, faith and support." [Text] [HK240157 Manila BULLETIN TODAY in English 23 Aug 82 p 1]

GOVERNMENT IN CONTROL--Despite the resurgence of bombings in some areas in Mindanao this week, the government is in control of the situation. This was the assessment Monday of Maj. Gen Delfin Castro, commander of the Unified Southern Command (SOUTHCOM) of the Armed Forces of the Philippines. Castro, who was joined here by Brig. Gen. Jose P. Magno, Jr., commander of the Central Mindanao Command (CEMCOM), was briefed by Brig Gen Pedrito de Guzman, P.C. [Philippine Constabulary Recon Reconnaissance Command] XI commander, on the peace and order situation in southeastern Mindanao following the grenade bombings in Digos, Davao Del Sur; Tagum, Davao Del Norte, and Davao City on August 3. SOUTHCOM is based in Zamboanga City, while CEMCOM is in Awang, Cotabato City. Castro said the terrorists were apparently out to sow terror on the civilian populace. Perhaps, he added, the forthcoming Islamic conference has something to do with the recurrent bombings "wherein the terrorists seemingly want to impress their Middle East supporters."

He said that many times the military had proven its capability to defend the citizenry against the depredations of terrorists. He said that development and progress in Mindanao can be achieved only in an atmosphere of peace. The SOUTHCOM chief said there are many development plans by the government for Mindanao, but they are hampered by the unstable peace and order situation in some areas, he added. [Text] [HK260301 Davao City THE MINDANAO DAILY MIRROR in English 11 Aug 82 pp 1, 6]

COMMUNIST LEADER BREAKS JAIL--Jose Luneta, the secretary general of the Communist Party of the Philippines, has escaped from detention from Camp Bagundiwa in Metro Manila. He broke jail last Wednesday, but the escape was revealed only when he failed to appear at the hearing of the charges of subversion and gun-running yesterday before the military commission No 2. Luneta was the number two man in the Communist Party hierarchy, next to Jose Maria Sison. Philippine Constabulary authorities at Camp Crame refused to confirm or deny the reported escape of the number two communist in the country. Camp Bagundiwa Commander Brig. Gen. (Edgardo Alpaveto) was not available for comment on the reported escape of Luneta. [Text] [HK210051 Manila Far East Broadcasting Company in English 2330 GMT 20 Aug 82]

HOTEL SECURITY--Hotel security in Metro Manila is being tightened against the threat of an upsurge of urban terrorism next month. Chiefs of hotel security forces met yesterday and drew up stricter measures to protect hotel guests in the metropolis. (Renaldo Dumaz), the president of the Association of Hotel Security Officers of the Philippines, said the safeguards include meticulous searches of guests for guns and explosives, and the setting up of checkpoints at hotel entrances. The measures were drafted at a meeting of hotel security authorities and police officials in Makati yesterday. The police agreed with the move, but cautioned against causing undue panic among hotel guests in case of bomb threats and discoveries of explosives. The security moves were taken following the discovery of a subversive plot to unleash terrorism, assassinations, and nationwide strikes to disrupt the economy and the nation. [Text] [HK240100 Manila Far East Broadcasting Company in English 2330 GMT 23 Aug 82]

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